

Clifford A. Swanson.
John N. C. Gordon.
Ocie B. Morrison, jr.
John P. Brady.

Bartholomew W. Hogan.
Clark T. Alexander.
Harold O. Cozby.

Lieut. (Junior Grade) Joseph L. Bird to be an assistant naval constructor in the Navy, with the rank of lieutenant (junior grade), from the 3d day of June, 1929, to correct the date of rank as previously nominated and confirmed.

HOUSE OF REPRESENTATIVES

THURSDAY, June 19, 1930

The House met at 12 o'clock noon and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Most Merciful Father, Thy name is great and greatly to be praised; we therefore wait on our God. For this radiant and beautiful day, with its baptism of the summer sun, we thank Thee. Into the garden of our hearts do Thou enter that we may join the jubilant accord of this earthly scene and thereby enrich our heaven. May we live where the joys are, live in the sunshine of Thy presence, live as the flowers and the birds live, free from anxious care and painful burden, just as our Father meant that we should. As for our faith in Thee and in all that is good, may it never fail us. By all Thy mercies lead us on without murmur and complaint. Keep before us Thy holy precepts and direct us in the ways of truth and wisdom. We pray in the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment bills and a concurrent resolution of the House of the following titles:

H. R. 8958. An act for the relief of certain employees of the Alaska Railroad;

H. R. 11934. An act authorizing the Monongahela Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near the town of Star City, W. Va.;

H. R. 11966. An act to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.; and

H. Con. Res. 40. Concurrent resolution authorizing the printing of 80,000 copies of the tariff law of 1930 as a House document.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 10919. An act for the relief of certain officers and employees of the Foreign Service of the United States, and of Elise Steiniger, housekeeper for Consul R. A. Wallace Treat at the Smyrna consulate, who, while in the course of their respective duties, suffered losses of Government funds and/or personal property by reason of theft, warlike conditions, catastrophes of nature, shipwreck, or other causes.

DISTRICT OF COLUMBIA APPROPRIATION BILL

Mr. SIMMONS. Mr. Speaker, I call up the bill H. R. 10813, the District of Columbia appropriation bill, with Senate amendments, and ask that the House further disagree to the Senate amendments.

The SPEAKER. The gentleman from Nebraska calls up the bill H. R. 10813, the District of Columbia appropriation bill, with Senate amendments, and asks that the House further disagree to the Senate amendments. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 10813) making appropriations for the Government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1931, and for other purposes.

The SPEAKER. Is there objection?

Mr. CRAMTON. Reserving the right to object, Mr. Speaker—which I do not intend to do—I should like to ask the Speaker if it is permitted to me, under the rules of the House, to read any part of the proceedings of the Senate with reference to this legislation?

The SPEAKER. The Chair thinks that would be contrary to the rule.

Mr. CRAMTON. That being contrary to the rule, it would be very brief, I can assure the Speaker—the proceedings covering

the entire matter. But, bowing to the decision of the Speaker, would it be in order for me to make a statement to the effect that there was no debate whatever on the conference report as reported to the Senate, and there was no roll call on the adoption of the conference report? I might even go so far as to raise the question whether the Members of the Senate were aware of what was reported at the time it was adopted. I withdraw my reservation of the right to object.

The SPEAKER. The Chair will again read the rule. Under the existing conditions the Chair thinks it is the duty of the Chair not only to adhere to the spirit of the rule but also to the letter. I read:

It is a breach of order in debate to notice what has been said on the same subject in the other House, or the particular votes or majorities on it there, because the opinion of each House should be left to its own independency, not to be influenced by the proceedings of the other; and the quoting them might beget reflections leading to a misunderstanding between the Houses.

The Chair thinks that there should be at least one House observing the rule.

Mr. CRAMTON. Reserving the right to object, as I understand, under the interpretation of the rules of the other legislative body there would be nothing to prevent any Member of that body from calling the attention of the Senate to the fact that there was a roll call in the House, and that about 95 per cent of the membership of the House responded.

Mr. PATTERSON. Reserving the right to object, I know that the gentleman is one of my friends, and I have no criticism to offer of him as a Member of the House. I do not agree with the stand the gentleman took on this pay bill, and I know that if we all took that stand we would delay the proceedings between the House and the Senate and it would destroy all cooperation. I am glad the Speaker has adhered to that rule, because if we should all criticize the Senate, cooperation between the two bodies would be destroyed. But if the gentleman wants to go back after a few of us voted against his resolution the other day—and so far as I have been able to find out everybody must admit that this was an arbitrary figure—I do not wish to be put on record as now insisting on his position, if he does this I shall have to object. I do not want to delay any plans the gentleman has got toward getting together on this important bill and I do not object to the bill going back to conference; neither would I object to the ordinary disagreeing resolution, but I shall object if it is to further insist. So far as I am concerned, I think it is just as well to put in \$7,000,000 or \$8,000,000 or \$9,000,000, or any other arbitrary amount, because it is an arbitrary figure; but to say that we all insist, I would object on this ground. I would like to have an explanation from the gentleman. Otherwise I shall have to object.

Mr. SIMMONS. The situation is this: The other body accepted the report of the conferees stating that there was no agreement. The Record shows that there was no action taken in the other House on the House vote insisting on its disagreement to the Senate amendment.

Mr. PATTERSON. The papers must have been misinformed.

Mr. SIMMONS. I take it that the Record shows that the gentleman and some 16 others were not in accord with the position of the majority of the House. The action taken or to be taken to-day does not bind the gentleman in any way, but it facilitates action on this bill.

Mr. PATTERSON. Then I will say I am in accord with that, because I do not want to delay the action of the House. If I were to object to everything being sent to conference because it contained something I did not want, I would be a continual objector. Therefore I am not going to object under the circumstances, but I do feel that this has not been handled in a way that exactly appeals to me. I am just an humble Member. I understand I have no leadership, or anything of the kind. I am not speaking for the leaders, but I want to be one who registers disapproval of setting up an arbitrary amount and saying that we are absolutely infallible on this or any other arbitrary amount or measure.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

Mr. BOWMAN. Reserving the right to object, may I inquire from the gentleman from Nebraska [Mr. SIMMONS] for what object he brings this unanimous-consent request before the House to-day?

Mr. SIMMONS. The request itself states the object. It is asking unanimous consent that the House further insist on its disagreement to the Senate amendments in order that we may facilitate the passage of the bill.

Mr. BOWMAN. What was the resolution that we voted on the other day?

Mr. SIMMONS. The resolution was the same, and the Senate took no action on it.

Mr. BOWMAN. Mr. Speaker, I must object to the unanimous-consent request.

Mr. CHINDBLOM. Will the gentleman withhold his objection for a moment?

Mr. BOWMAN. Certainly.

Mr. CHINDBLOM. The situation, as I understand, is this: The appropriation bill for the District of Columbia has come back to the House practically in the situation of an impasse. There is not anything we can do except to message the document back to the Senate for the purpose of ascertaining whether or not it may be possible for the two Houses again to resume consideration of the bill. That can now only be done by a message from the House. The only thing we can do is to message the bill back to the Senate, with the information that the House still insists upon its position; but, of course, such action implies the possibility of further conference.

Mr. MOORE of Virginia. Will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. MOORE of Virginia. What has transpired since the action of the House the other day to give this matter any new aspect?

Mr. SIMMONS. The other body took no action whatever upon the House vote of disagreement, and messaged the bill back to us yesterday afternoon.

Mr. BOWMAN. Mr. Speaker, I object to the request of the gentleman from Nebraska.

Mr. SIMMONS. Mr. Speaker, I move that the House further insist upon its disagreement to the Senate amendments to the bill H. R. 10813.

The SPEAKER. The gentleman from Nebraska moves that the House further insist upon its disagreement to the Senate amendments to the bill H. R. 10813.

The question was taken; and on a division (demanded by Mr. LINTHICUM) there were—ayes 124, noes 4.

So the motion was agreed to.

TAXATION IN THE DISTRICT OF COLUMBIA

Mr. FREAR. Mr. Speaker, I ask unanimous consent to proceed for one minute.

The SPEAKER. The gentleman from Wisconsin asks unanimous consent to proceed for one minute. Is there objection?

There was no objection.

Mr. FREAR. Mr. Speaker, on day before yesterday, when the District of Columbia appropriation bill was before the House for consideration, I made a suggestion to the gentleman from Nebraska [Mr. SIMMONS] with regard to a tax proposal for the District of Columbia that I believed might be helpful in the consideration of such questions in the future. The gentleman suggested to me that I place that plan before the House and in the RECORD. Therefore, Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD to include the proposal referred to.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. FREAR. Mr. Speaker, the financial muddle between the District of Columbia and the Federal Government has occupied many hours of Congress and many pages of local printer's ink during this and prior sessions. Its cost to the Government runs into many millions of dollars.

During all these years of disagreement Congress has been called upon alternately to coddle the residents of the District with lump-sum gifts, depending upon the generosity of the donors, or has engaged in vague threats of retaliation for abuse running from abandonment of the infant at our doors to removal of the Capitol to some of the many hundreds of communities that would sacrifice their hopes of after life to capture the prize. No one seriously finds any justification for either extreme. Is it not time to get suggestions from those who are more interested in having a right solution of the problem than to continue threats of punishing or promises of petting that are without tangible or permanent results?

As a layman, I do not profess to offer any solution. Neither have I confidence in theories advanced at the other end of the Capitol nor patience with the childish abuse heaped on Chairman SIMMONS by the local press. He has performed a praiseworthy task with commendable self-restraint and has the support of the House. Day before yesterday, for the first time, I asked him what seemed to be the fundamental differences as to District taxation and taxation with other like communities. As it does not concern his committee, he suggested humorously I might go into the subject myself.

I am modestly offering a suggestion to that end, and am sure that it is elemental to any correct determination of fiscal affairs that are in disagreement. A Senate authority declares that

because Congress gave \$9,000,000 to the District five or six years ago and the District has grown to be a lusty infant that about \$12,000,000 annually is now the proper sum, but finally offered to "compromise," until this offer was termed by a bad boy who leads the House Democrats to be a "bluff." That is newspaper report, that is not always strictly accurate, but the situation is far from any agreement, as indicated by the vote just had by the House.

My good friend from New York [Mr. GRIFFIN] in debate says that a prior Congress found 60-40 instead of 50-50 is the right proportionate expense for the Federal Government to bear and that Congress is bound by that determination. Of course, neither the horse and rabbit 50-50 pie or the present 60-40 sharing system adopted in 1922 has any legislative force, although in theory it might be suggested that the judgment of a prior Congress is not binding on this Congress, but when my able New York friend expressed himself as proud of a low tax rate in the district that reaches the real cause for disagreement, and it can only be settled right. I will not say it begs the question, but though it is quoted by last evening's luminary with approval it is the very point in issue.

A morning paper to-day asserts that this disagreement may become a national political issue with the President, because some administrative opponent might cry the "Republicans couldn't even pass a bill to run the National Capital." With that startling possibility it behooves us to save both the party, the President, and the District from threatened disaster that has been impending ever since Congress first disagreed with the demands of the District residents.

Congress is friendly to the District, notwithstanding the attitude of local papers, that hurt their cause by senseless abuse. Congress is proud of the Capital City, the most beautiful city in the world. Confidence in that judgment is shown by Congress, that has expended hundreds of millions of dollars for the Federal Government to house its activities and beautify its surroundings in the District.

The American Congress made possible the city of Washington and has helped every local business man now living here through the many thousands of Government employees, who sustain that private business.

To quibble about land condemned and taken by the Government, paid for at double its actual value, and to assert any loss is suffered on the tax rolls, lugubriously repeated by the local press, is neither warranted nor convincing. Again it begs the question and is irrelevant and immaterial, if true.

Illustrating the uncertainty of comparisons found in the report of the Bureau of Efficiency for 1928, on pages 16 and 17 it appears that the personal property tax for Washington that year was \$11.94 per capita. The same taxes paid in Milwaukee for 1928 were \$8.27 per capita, but in addition, according to footnote No. 1, Milwaukee, a city comparable in size with Washington, paid \$8.94 State income tax, not shown in the above schedule. That, I assume, is apart from the Federal income tax and relates to the Wisconsin income tax law.

The real issue between the Federal and District Governments lies in a possible responsibility on the part of the Federal Government, not legal nor conceded, when the expenses of the District government are enhanced by the Federal Government beyond the average costs of similar municipalities to their resident taxpayers. That has never been determined, so far as I can learn, and nothing is gained by calling names. The District press denounces autocrats and several gatherings of indignant citizens threaten to leave Washington for some other city where the taxes are lower. Only failure to locate that taxless haven prevents their removal.

On the other hand, it is not uncommon to hear staid Members of Congress, when discussing this subject, use such terms as "tax dodgers" and "evaders" of honest taxes. Such terms indict honest people, and I submit it is a system for which Congress and Congress alone is to blame. The responsibility beyond question is ours for a condition that has existed for a century and will continue to exist until we face the seeming difficulty, not by blundering with lump-sum appropriations or unwarranted proportionate payments of District expenses but by paying excess costs of support, if any, to the District that is caused by its selection as the seat of the Federal Government.

Leaving out of consideration all the benefits to private business due to enormous expenditures made by different Congresses in making Washington and its surroundings more beautiful than any other city in the world; the vast army of Washington tourists that is an economic asset and held to be of great value in the countries of Europe; opportunities for unexcelled education and intellectual enjoyment due to the great Library and countless agencies of government, including, of course, last of all the much-abused American Congress—a real standard of

measurement is not hard to find. A business and economic basis ought not be and is not difficult to reach.

My State is one of the most prosperous and we believe one of the most enlightened among the sisterhood of States. This is due to its many fine institutions of learning and beauty of situation that gives it, with the surrounding lake's great harbors, one of which is second in importance in America's enormous commerce.

Its factories are known throughout the world. They are not mushrooms, for many scarcely smaller than the Case, Simmons, Nash, Allis-Chalmers, and countless others are scattered throughout the State. This is not intended to be a fulsome eulogy of a great State but is a simple declaration of fact found among its over 3,000,000 people who have for their principal source of State revenue a strong, progressive income tax and an equally strong and just inheritance tax that have been in force for years. In addition these people pay larger proportionate real-property taxes in their municipalities and farming sections based on a 100 per cent valuation under the law and a higher tax rate than is paid by the singularly fortunate residents of Washington.

When advised of the great lump sums of money which my State and other States contribute to run the District government, people immediately ask what right have we to donate public funds to a community that presumably does not pay one-half the amount of taxes on its intangible property or not much more than that proportion on its real property compared with the same properties in the average State.

We pay higher gasoline taxes, and I am not sure but the cost to be a citizen of Wisconsin is double that borne by the average Washingtonian, but it is worth it. Our people, like all others, complain of taxes, but they pay about the average of States similarly situated. At least they did so when I was State auditor.

With these facts before me, I accepted the humorous challenge of my friends in the House of Mr. WOOD and Mr. SIMMONS when making an innocent inquiry day before yesterday and have introduced practically the same income tax and inheritance tax laws for the District of Columbia that are in force in my own State of Wisconsin. They are not assumed to be perfect or the last word in such laws, but until the District of Columbia has like laws and its taxpayers begin paying relatively the same amounts of taxes paid by people living in the States that now furnish \$9,000,000 lump-sum lollypops to residents of the District—until they pay for their municipal upkeep the same as other like communities now do, the District is not entitled to aid from the Federal Government. Let the District pay its just tax obligations measured by like payments in other communities and that payment should include both income and inheritance taxes. Those taxes should be as just in rates as those paid for many years by the people of Wisconsin, and real property assessments should be at 100 per cent valuations with commensurate tax rates as in the average States.

It is not for the District to pass such laws, for Congress is the lawmaking body, it is said, but supposing the people and the local press that finds a common grievance in the payment of any taxes should combine to prevent the passage of such laws, what then? If the people do not want these just and fair tax laws now governing other municipalities, then Congress ought not to force them on the residents of the District, but no court of equity will permit a client to be bludgeoned by his opponent unless the opponent does equity. No income tax and no inheritance tax, no \$9,000,000 annual Federal relief sugar plum. Is not that a just business proposition?

I concede that other matters are involved beyond the passage of these eminently just laws before a full and fair determination can be reached of relative rights to be considered. For that reason I have first set forth two laws that should be passed both in form and rates sufficient to meet like laws in force in the States. Any sane man will also concede that the present method of legislating for the District is about a century behind the times. Either some responsible commission of three or five officials should be empowered to enact ordinances and control the fiscal policy of the District, to be confirmed, if need be, by some Federal agency, or else some other businesslike arrangement should be adopted for handling the District problem.

Ordinances could be promulgated and be subject to rejection by either House of Congress within 60 or 90 days after their publication, if Congress is in session, or after the convening of Congress when made during the interim between sessions.

If no responsibility is desired on the part of the Federal Government, we can wash our hands of the whole subject and leave the infant on the doorstep with a certainty that it will be able to go it alone if left without pampering. Every other capital city in the country is able to do so.

The present system of District day in the House and District day in the Senate reflects no credit on a plan that has outlived its usefulness for nearly a century.

In a speech I made in the House on the Budget on June 24, 1919, Speaker Champ Clark came down from his chair to get me more time, stating a Government Budget was a good thing in principle, but impossible to secure. He reiterated the statements. Uncle Joe Cannon, who sat directly in front of me at that time, also interrupted more than once to express his profound conviction of the futility of any such system for our Government, but agreed I was right to advocate it over the antiquated appropriation methods offered by committees generally, and then in force. Two years later, through the active aid of James Good, chairman of the Appropriations Committee, it became law. I speak of this as an example of what we do not know about needed improvements until we try them.

The District government is handled like a spoiled child by Congress. It ought to be given responsibility the same as is maintained by the 48 or 50 capital cities that do not ask or receive any alms and are not held in leading strings by the States in which they are situated.

In order to study and report specific recommendations for the better government of the city of Washington and to secure a thorough investigation and helpful advice that may be available, I have offered a resolution, which is also set forth in these remarks. It provides for a committee of seven Members to be appointed by the Speaker to study, hear witnesses, and report to the House. It would be a step in the right direction to have a definite purpose offered by its report, even if recommendations were not all deemed of legislative value.

The committee to which such resolution is referred can supply any additional or better form for a real honest and thorough investigation in order to dispose finally of this constantly irritating problem. In other words, no pride of authorship is had in the present form of the resolution.

Let me anticipate any suspicion that might arise of personal interest in such a committee. I have had experience as chairman of both State and Federal probes and have no ambition to act further or any delusions as to the character or amount of such work. I do know of others who would be far better qualified to undertake that work, and whose report would command the respect and confidence of the House.

If the accompanying resolution of investigation should be hereafter approved by the House, it would insure a thorough investigation and, I predict, would present a constructive program to relieve the existing uncertainty both as to fiscal relations and better municipal conditions of government in the District.

The following are proposed bills and of a resolution of investigation offered at this time for consideration.

Mr. Speaker, I first submit House bill No. 13038, filed with the Clerk yesterday, that carries its own argument:

[H. R. 13038—June 18, 1930]

Mr. FREAR introduced the following bill; which was referred to the Committee on the District of Columbia and ordered to be printed:

A bill to provide for an income tax law for the District of Columbia

Be it enacted, etc., That there shall be assessed, levied, collected, and paid a tax on all income received in each calendar year beginning with the year 1930, by every person residing within the District and by every nonresident of the District upon such income as is derived from property, located or business transacted within the District, except as hereinafter exempted: *Provided*, That all persons whose fiscal year ends on some other date than December 31 may be assessed on the income of such fiscal year in lieu of the income of the calendar year, at the discretion of the tax officials.

DEFINITION OF TERMS; WHAT INCOME TAXABLE

SEC. 2. (1) The term "person," as used in this act, shall mean and include every individual and every corporation, joint-stock company, or association organized for profit and having a capital stock represented by shares, unless otherwise expressly stated.

(2) The term "income," as used in this act, shall include:

(a) All rent of real estate.

(b) All dividends derived from stocks and all interest derived from money loaned or invested in notes, mortgages, bonds, or other evidence of debt of any kind whatsoever: *Provided*, That the term "dividends," as used in this section, shall be held to mean any distribution made by a corporation, joint-stock company, or association out of its earnings or profits accrued since January 1, 1930, and paid to its shareholders, whether in cash or in stock of the corporation, joint company, or association.

(c) All wages, salaries, or fees derived from services: *Provided*, That compensation to public officers for public service shall not be com-

puted as a part of the taxable income in such cases where the taxation thereof would be repugnant to the Constitution.

(d) All profits derived from the transaction of business or from the sale of real estate or other capital assets: *Provided*, That for the purpose of ascertaining the gain or loss resulting from the sale or other disposition of property, real or personal, acquired prior to January 1, 1930, the fair market value of such property as of January 1, 1930, shall be the basis for determining the amount of such gain or loss: *And provided further*, That the basis for computing the profit or loss on the sale of property acquired by gift after 1930 shall be the same as it would have been had the sale been made by the last preceding owner who did not acquire it by gift; and in case the taxing officers are unable to ascertain the cost of the property to such prior owner, if acquired after January 1, 1930, then the basis shall be the value thereof at or about the time it was acquired by him, and such value shall be determined from the best information obtainable.

(e) All royalties derived from mines or the possession or use of franchises or legalized privileges of any kind.

(f) All transfers of depreciation or other reserves to surplus for the year in which such transfers shall have been entered on the books of account of the taxpayer to the extent that such reserves were charged against earnings since January 1, 1930.

(g) Life insurance paid to the insured and insurance paid to a corporation or partnership upon policies on the lives of its officers, partners, or employees, less the net premiums paid for the insurance.

(h) And all other gains, profits, or income of any kind derived from any source whatever, except such as hereinafter exempted.

(3) (a) Persons who customarily estimate their incomes or profits on a basis other than cash receipts and disbursements may, with the consent and approval of the proper tax official, return for assessment and taxation the income or profits earned during the income year in accordance with the method of accounting regularly employed in keeping their books, except as hereinafter provided; but if no such method of accounting has been employed, or if the method used does not clearly reflect the taxable income, the computation shall be made upon such basis and in such manner as in the opinion of the District tax officials will clearly reflect such income.

(b) The terms "paid" or "actually paid," as used in this chapter, are to be construed in each instance in the light of the method used in computing taxable income, whether on the accrual or receipt basis: *Provided*, That the deduction for Federal income and excess-profits taxes shall be confined to cash payments made within the year covered by the income-tax return, and that reserves for contingent losses or liabilities shall not be deducted.

(c) Income from mercantile or manufacturing business, rentals, royalties, or the operation of any farm, mine, or quarry, or from the sale of real or personal property for the purposes of taxation shall follow the situs of the property or business from which derived; and all other income, including that derived from personal service, professions, and vocations, and from land contracts, mortgages, stocks, bonds, and securities, shall follow the residence of the recipient.

(d) Persons engaged in business within and without the District shall be taxed on such income wherever or however derived. The measure of the property element shall be the average value of tangible property owned and used by the taxpayer in connection with such business during the income year. Cash on hand or in bank, shares of stock, notes, bonds, accounts receivable, or other evidence of indebtedness, special privileges, franchises, good will, or property the income of which is not taxable or is separately allocated, shall not be considered tangible property nor included in the apportionment. In the case of mercantile and manufacturing concerns, the element of business shall be measured by the total purchases of goods, materials, and supplies plus the total wage and salary payments, plus the total sales during the income year, and shall be equitably allocated with due regard to the business activities within and without the District. As used in this section, the word "sales" shall extend to and include exchange, and the word "manufacturing" shall extend to and include mining and all processes of fabricating or of curing raw materials. All assessments of income, including the apportionment thereof between the District and States, shall be subject to appeal and review by the proper court.

(e) A foreign corporation whose principal business is carried on or transacted in the District shall be deemed a resident of the District for income-tax purposes and its income shall be determined and assessed as if it were incorporated under the laws of the District, notwithstanding its domicile is elsewhere.

(4) (a) Individuals carrying on business in partnership shall be liable for income tax only in their individual capacity. There shall be included in computing the taxable income of each partner his distributive share, whether distributed or not, of the net income of the partnership for the taxable year; or, if his taxable income for such taxable year is computed upon the basis of a period different from that upon the basis of which the net income of the partnership is computed, then his distributive share of the net income of the partnership for any accounting period of the partnership ending within the fiscal or calendar year upon the basis of which the partner's income is computed.

(b) The net income of the partnership shall be computed in the same manner and on the same basis as provided for computation of the taxable income of persons other than corporations, joint-stock companies, or associations.

DEDUCTIONS FROM GROSS INCOME OF CORPORATIONS

SEC. 3. Every corporation, joint-stock company, or association shall be allowed to make from its gross income the following deductions:

(1) Payments made within the year for wages of employees and salaries of officers, if reasonable in amount, for services actually rendered in producing such income: *Provided*, That there be reported the name, address, and amount paid each such employee or officer residing within the District to whom a compensation of \$700 or more shall have been paid during the assessment year.

(2) Other ordinary and necessary expenses and cash bonuses to employees, actually paid within the year out of the income in the maintenance and operation of its business and property, including a reasonable allowance for depreciation by use, wear, and tear of property from which the income is derived, and in the case of mines and quarries an allowance for depletion of ores and other natural deposits on the basis of their actual original cost in cash or the equivalent of cash; and including also interest paid during the year in the operation of the business from which its income is derived: *Provided*, That the debtor reports the amount so paid, the form of the indebtedness, together with the names and addresses of the parties to whom interest was paid.

(3) Losses actually sustained within the year and not compensated by insurance or otherwise: *Provided*, That no loss resulting from the operation of business conducted without the District or the ownership of property located without the District may be allowed as a deduction, excepting where income derived from without the District is taxable.

(4) Taxes other than special improvement taxes paid during the year upon the business or property from which the income taxed is derived, including therein taxes imposed by the District and the Government of the United States as income, excess, or war-profits, and capital-stock taxes.

(5) Dividends or income received within the year from stocks or interest in any corporation, joint-stock company, or association, the income of which shall have been assessed under the provisions of this act: *Provided*, That when only part of the income of the corporation, joint-stock company, or association from which such dividend or income was received shall have been assessed under this act only a corresponding part of such dividend or income shall be deducted: *Provided further*, That such corporation, joint-stock company, or association report the name and address of each person owning stock or having such interest and the amount of dividends or income paid such person during the assessment year.

(6) Amounts distributed to patrons in any year, in proportion to their patronage of the same year, by any corporation, joint-stock company, or association doing business on a cooperative basis (hereinafter called company), shall be returned as income or receipts by said patrons but may be deducted by such company as cost, purchase price, or refunds: *Provided*, That no such deduction shall be made for amounts distributed to the stockholders or owners of such company in proportion to their stock or ownership, nor for amounts retained by such company and subject to distribution in proportion to stock or ownership as distinguished from patronage.

(7) Contributions or gifts actually made within the year to corporations or associations operating within the District, organized and operated exclusively for religious, charitable, scientific, or educational purposes, or to societies operating within the District for the prevention of cruelty to children or animals, no part of the net income of which inures to the benefit of any private stockholder or individual, to an amount not in excess of 10 per cent of the taxpayer's taxable net income as computed without the benefit of this subsection.

DEDUCTIONS FROM INCOMES OF PERSONS OTHER THAN CORPORATIONS

SEC. 4. Persons other than corporations, joint-stock companies, or associations, in reporting incomes for purposes of taxation shall be allowed the following deductions:

(1) Payments made within the year for wages or other compensation for services actually rendered. But no deductions shall be made for any amount paid for personal services unless there be reported the name and address and amount paid each person to whom a sum of \$700 or more shall have been paid for services during the assessment year.

(2) The ordinary and necessary expenses actually paid within the year in carrying on the profession, occupation, or business from which the income is derived, including a reasonable allowance for depreciation by use, wear, and tear of the property from which the income is derived, and in the case of mines and quarries an allowance for depletion of ores and other natural deposits on the basis of their actual original cost in cash or the equivalent of cash.

(3) Losses during the year not compensated by insurance or otherwise: *Provided*, That no loss resulting from the operation of business conducted without the District may be allowed as a deduction: *And provided further*, That no loss may be allowed on the sale of property purchased and held for pleasure or recreation and which was not

acquired or used for profits, but this proviso shall not be construed to exclude losses due to theft or to the destruction of property by fire, flood, or other casualty.

(4) Dividends or incomes received by any person from stocks or interest in any corporation, joint-stock company, or association, the income of which shall have been assessed under the provisions of this act: *Provided*, That when only part of the income of any corporation, joint-stock company, or association shall have been assessed under this act only a corresponding part of the dividends or income received therefrom shall be deducted: *And provided further*, That said corporation, joint-stock company, or association report the name and address of each person owning stock or having such interest and the amount of dividends or income paid such person during the assessment year.

(5) Interest paid within the year on existing indebtedness: *Provided*, That the debtor reports the amount so paid, the form of the indebtedness, together with the name and address of the creditor. But no interest shall be allowed as a deduction if paid on an indebtedness created for the purchase, maintenance, or improvement of property, or for the conduct of a business, unless the income from such property or business would be taxable under this chapter.

(6) Taxes other than inheritance and special-improvement taxes upon the property or business from which the income hereby taxed is derived paid by such persons during the year, including therein taxes imposed by the District of Columbia or the United States Government as income taxes.

(7) Contributions or gifts actually made within the year to corporations or associations operating within the District, organized and operated exclusively for religious, charitable, scientific, or educational purposes, or to societies operating within the District, for the prevention of cruelty to children or animals, no part of the net income of which inures to the benefit of any private stockholder or individual, to an amount not in excess of 10 per cent of the taxpayer's taxable net income as computed without the benefit of this subsection.

EXEMPTIONS

SEC. 5. (1) There shall be exempt from taxation under this chapter income as follows, to wit:

- (a) To an individual, income up to and including \$1,000.
- (b) To husband and wife, \$1,800.
- (c) For each child under the age of 18 years, \$200.
- (d) For each additional person who is actually supported by and entirely dependent upon the taxpayer for his support, \$200. In computing said exemptions and the amounts of taxes payable by persons residing together as members of a family the income of the wife and the income of each child under 18 years of age shall be added to that of the husband or father or, if he be not living, to that of the head of the family and assessed to him. The taxes levied thereon shall be payable by such husband or head of the family, but if not paid by him may be enforced against any person whose income is included in the assessment.
- (e) Dividends received from national banks and mutual-savings banks.
- (f) Pensions received from the United States.
- (g) All inheritances, devises, bequests, and gifts received during the year.
- (h) All insurance received by any person or persons in payment of a death claim by any insurance company, fraternal-benefit society, or other insurer, except insurance paid to a corporation or partnership upon policies on the lives of its officers, partners, or employees.

(2) Income of national banks, mutual-savings banks, trust companies, mutual-loan corporations, building and loan associations, and of all religious, scientific, educational, benevolent, or other corporations or associations of individuals not organized or conducted for pecuniary profit.

(3) Incomes derived from property and privileges by persons now required by law to pay taxes or license fees directly into the treasury of the District in lieu of taxes, and such persons shall continue to pay taxes and license fees as heretofore.

(4) Income received by the United States and the District.

RATES OF TAXATION

SEC. 6. (1) The tax to be assessed, levied, and collected upon the incomes of all persons, except as otherwise provided by law, after making such deductions and exemptions as are hereinbefore allowed, shall be computed at the following rates, to wit:

- (a) On the first \$1,000 of taxable income or any part thereof, at the rate of 1 per cent.
- (b) On the second \$1,000 or any part thereof, 1¼ per cent.
- (c) On the third \$1,000 or any part thereof, 1½ per cent.
- (d) On the fourth \$1,000 or any part thereof, 1¾ per cent.
- (e) On the fifth \$1,000 or any part thereof, 2 per cent.
- (f) On the sixth \$1,000 or any part thereof, 2½ per cent.
- (g) On the seventh \$1,000 or any part thereof, 3 per cent.
- (h) On the eighth \$1,000 or any part thereof, 3½ per cent.
- (i) On the ninth \$1,000 or any part thereof, 4 per cent.
- (j) On the tenth \$1,000 or any part thereof, 4½ per cent.
- (k) On the eleventh \$1,000 or any part thereof, 5 per cent.
- (l) On the twelfth \$1,000 or any part thereof, 5½ per cent.

(m) On any sum of taxable income in excess of \$12,000, 6 per cent.

(2) The taxes to be assessed, levied, and collected upon the incomes of corporations, joint-stock companies, or associations, after making such deductions and exemptions as hereinbefore allowed, shall be computed at the following rates, to wit:

- (a) On the first \$1,000 of taxable income or any part thereof, 2 per cent.
- (b) On the second \$1,000 or any part thereof, 2½ per cent.
- (c) On the third \$1,000 or any part thereof, 3 per cent.
- (d) On the fourth \$1,000 or any part thereof, 3½ per cent.
- (e) On the fifth \$1,000 or any part thereof, 4 per cent.
- (f) On the sixth \$1,000 or any part thereof, 5 per cent.
- (g) On the seventh \$1,000 or any part thereof, 6 per cent.
- (h) On all taxable income in excess of \$7,000, 6 per cent.
- (i) In assessing back taxes interest shall be added to such taxes at the rate of 10 per cent per annum.

(j) Until other officials are authorized by law to collect income taxes for the District of Columbia, they shall be paid to the District official authorized by law to receive inheritance and other taxes, subject to such rules as he may provide or that may be promulgated by the District Commissioners.

Mr. Speaker, it is probable that the present taxing machinery of the District may not be able to carry on the income-tax work, so I am not attempting at this time to set forth any particular tax-collecting machinery other than the officials now engaged in District tax collections.

If approved in substance that machinery can be easily prepared in conjunction with the present District tax-collecting organization.

Mr. Speaker, I submit also an important inheritance tax measure which, like the income-tax proposal for the District, has the same tax rates found in the laws of my State, and which have added to the welfare and prosperity of that State:

[H. R. 13039—June 18, 1930]

Mr. FREAR introduced the following bill; which was referred to the Committee on the District of Columbia and ordered to be printed:

A bill to provide an inheritance tax law for the District of Columbia

Be it enacted, etc., That a tax shall be, and is hereby, imposed upon any transfer of property, real, personal, or mixed, or any interest therein, or income therefrom in trust or otherwise, to any person, association, or corporation, except corporations or voluntary associations organized solely for religious, charitable, or educational purposes, which shall use the property so transferred exclusively for the purposes of their organization in the following cases, except as hereinafter provided:

BY A RESIDENT OF DISTRICT

(1) When the transfer is by will or by the intestate laws of the District from any person dying possessed of the property while a resident of the District.

NONRESIDENT'S PROPERTY WITHIN DISTRICT

(2) When a transfer is by will or intestate law, of property within the District or within its jurisdiction and the decedent was a nonresident of the District at the time of his death.

IN CONTEMPLATION OF DEATH

(3) When the transfer is of property made by a resident or by a nonresident when such nonresident's property is within the District, or within its jurisdiction, by deed, grant, bargain, sale, or gift, made in contemplation of the death of the grantor, vendor, or donor, or intended to take effect in possession or enjoyment at or after such death. Every transfer by deed, grant, bargain, sale, or gift made within six years prior to the death of the grantor, vendor, or donor, of a material part of his estate, or in the nature of a final disposition or distribution thereof, and without an adequate valuable consideration, shall be construed to have been made in contemplation of death within the meaning of this section.

WHEN IMPOSED

(4) Such tax shall be imposed when any such person or corporation becomes beneficially entitled, in possession or expectancy, to any property or the income thereof, by any such transfer whether made before or after the passage of this act.

TRANSFER UNDER POWER OF APPOINTMENT

(5) Whenever any person or corporation shall exercise a power of appointment derived from any disposition of property, made either before or after the passage of this act such appointment, when made, shall be deemed a transfer in the same manner as though the property to which such appointment relates belonged absolutely to the donee of such power, and had been bequeathed or devised by such donee by will; and whenever any person or corporation possessing such a power of appointment so derived shall omit or fail to exercise the same within the time provided therefor, in whole or in part, a transfer shall be deemed to take place to the extent of such omission or failure, in the same manner as though the persons or corporations thereby becoming entitled to the possession or enjoyment of the property to which such

power related had succeeded thereto by a will of the donee of the power failing to exercise such power, taking effect at the time of such omission or failure.

JOINT ESTATES

(6) Whenever any property, real or personal, is held in the joint names of two or more persons, or as tenants by the entirety, or is deposited in banks or other institutions or depositories in the joint names of two or more persons and payable to either or the survivor, upon the death of one of such persons the right of the surviving tenant by the entirety, joint tenant or joint tenants, person or persons, to the immediate ownership or possession and enjoyment of such property shall be deemed a transfer of one-half or other proper fraction thereof taxable under the provisions of this chapter in the same manner as though the property to which such transfer relates belonged to the tenants by the entirety, joint tenants or joint depositories as tenants in common, and had been bequeathed or devised to the surviving tenant by the entirety, joint tenant or joint tenants, person or persons, by such deceased tenant by the entirety, joint tenant or joint depositor, by will.

INSURANCE PART OF ESTATE

(7) Insurance payable upon the death of any person shall be deemed a part of his estate for the purpose of the tax, and shall be taxable to the person or persons entitled thereto.

ON CLEAR MARKET VALUE

(8) The tax so imposed shall be upon the clear market value of such property at the rates hereinafter prescribed and only upon the excess of the exemptions hereinafter granted.

PRIMARY RATES, WHERE NOT IN EXCESS OF \$25,000

SEC. 2. When the property or any beneficial interest therein passes by any such transfer where the amount of the property shall exceed in value the exemption hereinafter specified, and shall not exceed in value \$25,000, the tax hereby imposed shall be:

TWO PER CENT

(1) Where the person or persons entitled to any beneficial interest in such property shall be the husband, wife, lineal issue, lineal ancestor of the decedent or any child adopted as such in conformity with the laws of the District, or any child to whom such decedent for not less than 10 years prior to such transfer stood in the mutually acknowledged relation of a parent: *Provided, however,* That such relationship began at or before the child's fifteenth birthday, and was continuous for said 10 years thereafter, or any lineal issue of such adopted or mutually acknowledged child, at the rate of 2 per cent of the clear value of such interest in such property.

FOUR PER CENT

(2) Where the person or persons entitled to any beneficial interest in such property shall be the brother or sister or a descendant of a brother or sister of the decedent, a wife or widow of a son, or the husband of a daughter of the decedent, at the rate of 4 per cent of the clear value of such interest in such property.

SIX PER CENT

(3) Where the person or persons entitled to any beneficial interest in such property shall be the brother or sister of the father or mother or a descendant of a brother or sister of the father or mother of the decedent, at the rate of 6 per cent of the clear value of such interest in such property.

EIGHT PER CENT

(4) Where the person or persons entitled to any beneficial interest in such property shall be in any other degree of collateral consanguinity than is hereinbefore stated, or shall be a stranger in blood to the decedent, or shall be a body politic or corporate, at the rate of 8 per cent of the clear value of such interest in such property.

OTHER RATES; WHERE IN EXCESS OF \$25,000

SEC. 3. The foregoing rates in section 2 are for convenience termed "the primary rates."

When the amount of the clear value of such property or interest exceeds \$25,000, the rates of tax upon such excess shall be as follows:

RATE WHERE AMOUNT \$25,000 TO \$50,000

(1) Upon all in excess of \$25,000 and up to \$50,000, two times the primary rates.

RATE WHERE AMOUNT \$50,000 TO \$100,000

(2) Upon all in excess of \$50,000 and up to \$100,000, three times the primary rates.

RATE WHERE AMOUNT \$100,000 TO \$500,000

(3) Upon all in excess of \$100,000 and up to \$500,000 four times the primary rates.

RATE WHERE AMOUNT OVER \$500,000

(4) Upon all in excess of \$500,000, five times the primary rates.

FIFTEEN PER CENT LIMITATION

(5) No such tax, however, shall exceed 15 per cent of the property transferred to any beneficiary.

EXEMPTION FROM FIRST \$25,000

SEC. 4. The following exemptions from the tax, to be taken out of the first \$25,000, are hereby allowed:

TRANSFERS TOTALLY EXEMPT

(1) All property transferred to municipal corporations for municipal purposes, or to corporations organized solely for religious, charitable, or educational purposes, which shall use the property so transferred exclusively for the purposes of their organization, shall be exempt.

WHEN \$15,000, \$2,000 EXEMPT

(2) Property of the clear value of \$15,000 transferred to the widow of the decedent, and \$2,000 transferred to each of the other persons described in subsection (1) of section 2 shall be exempt. Such exemption to the widow shall include all her statutory and other allowances. Any child of the decedent shall be entitled to credit for so much of the tax hereafter paid by the widow as applied to any property which shall thereafter be transferred by or from such widow to any such child, provided the widow does not survive said decedent to exceed six years.

WHEN \$500 EXEMPT

(3) Property of the clear value of \$500 transferred to each of the persons described in subsection (2) of section 2 shall be exempt.

WHEN \$250 EXEMPT

(4) Property of the clear value of \$250 transferred to each of the persons described in subsection (3) of section 2 shall be exempt.

WHEN \$100 EXEMPT

(5) Property of the clear value of \$100 transferred to each of the persons described in subsection (4) of section 2 shall be exempt.

PROPERTY WITHOUT THE DISTRICT EXEMPT, WHEN

(6) No tax shall be imposed upon any tangible personal property of a resident decedent when such property is located without this District, and when the transfer of such property is subject to an inheritance or transfer tax in the State where located and which tax has actually been paid, provided such property is not without this District temporarily nor for the sole purpose of deposit or safe-keeping.

BEQUEST FOR CEMETERY, RELIGIOUS

(7) Bequests for the care and maintenance of the cemetery or burial lot of the deceased or his family and bequests not to exceed \$1,000 for the performance of a religious purpose or religious service for or in behalf of the deceased or for or in behalf of any person, named in his will shall be exempt from any inheritance tax.

DEBTS, EXEMPTIONS, ETC., APPORTIONED

(8) Whenever a tax may be due from the estate, or the beneficiaries therein, of any resident or nonresident decedent, upon the transfer of any property, when the property or estate left by such decedent is partly within and partly without the District, or upon any stocks, bonds, mortgages, or other securities representing property or estate partly within and partly without the District, any beneficiary of such estate shall be entitled to deduct only a proportion of his share of the debts, expenses of administration, and of his District exemption, equal to the proportion which his interest in the property within the District or within its jurisdiction bears to his entire interest in such estate.

TAX, WHEN DUE; LIEN; LIABILITY

SEC. 5. (1) All taxes imposed by this act shall be due and payable at the time of the transfer, except as hereinafter provided; and every such tax shall be and remain a lien upon the property transferred until paid, and the person to whom the property is transferred and the administrators, executors, and trustees of every estate so transferred shall be personally liable for such tax until its payment.

DISTRICT TREASURER'S RECEIPT

(2) The tax shall be paid to the District official authorized by law to collect taxes.

FINAL ACCOUNTING ON FILING RECEIPT

(2) But no executor, administrator, or trustee shall be entitled to a final accounting of an estate, in settlement of which a tax is due under the provisions of sections 1 to 4, unless he shall produce a receipt from the tax official of such payment.

DISCOUNT; INTEREST

SEC. 6. If such tax is paid within one year from the accruing thereof, a discount of 5 per cent shall be allowed and deducted therefrom. If such tax is not paid within 18 months from the accruing thereof, interest shall be charged and collected thereon at the rate of 10 per cent per annum from the time the tax accrued; unless by reason of claims made upon the estate, necessary litigation or other unavoidable cause of delay, such tax shall not be determined and paid as herein provided, in which case interest at the rate of 6 per cent per annum shall be charged upon such tax from the accrual thereof until the cause of such delay is removed, after which 10 per cent shall be charged. In all cases when a bond shall be given under the provisions of section 9 interest shall be charged at the rate of 6 per cent from the accrual of the tax until the date of payment thereof.

EXECUTORS; POWERS; COLLECTION AND PAYMENT

SEC. 7. Every executor, administrator, or trustee shall have full power to sell so much of the property of the decedent as will enable him to pay such tax in the same manner as he might be entitled by law to do for the payment of the debts of the testator or intestate. Any such administrator, executor, or trustee having in charge or in trust any legacy or property for distribution subject to such tax shall deduct the tax therefrom; and within 30 days therefrom shall pay over the same to the District treasurer, as herein provided. If such legacy or property be not in money, he shall collect the tax thereon upon the appraised value thereof from the person entitled thereto. He shall not deliver or be compelled to deliver any specific legacy or property subject to tax hereunder to any person until he shall have collected the tax thereon. If any such legacy shall be charged upon or payable out of real property, the heir or devisee shall deduct such tax therefrom and pay it to the administrator, executor, or trustee, and the tax shall remain a lien or charge on such real property until paid, and the payment thereof shall be enforced by the executor, administrator, or trustee in the same manner that payment of the legacy might be enforced. If any such legacy shall be given in money to any such person for a limited period, the administrator, executor, or trustee shall retain the tax upon the whole amount, but if it be not in money, he shall make application to the court having jurisdiction of an accounting by him to make an apportionment, if the case require it, of the sum to be paid into the hands of such legatees, and for such further order relative thereto as the case may require.

REFUNDING TAX

SEC. 8. (1) If any debt shall be proved against the estate of the decedent after the payment of any legacy or distributive share thereof, from which any such tax has been deducted, or upon which it has been paid by the person entitled to such legacy or distributive share and such person is required by order of the court having jurisdiction thereof on notice to the District treasurer to refund the amount of such debts or any part thereof, an equitable proportion of the tax shall be repaid to such person by the executor, administrator, trustee, or officer to whom said tax has been paid.

HOW REFUND OF TAX MADE

(2) When any amount of said tax shall have been paid erroneously into the District treasury, it shall be lawful for the District treasurer, upon receiving a transcript from the court record showing the facts, to refund the amount of such erroneous or illegal payment to the executor, administrator, trustee, person, or persons who have paid any such tax in error, from the treasury: *Provided, however,* That all applications for such refunding of erroneous taxes shall be made within one year from the payment thereof, or within one year after the reversal or modification of the order fixing such tax.

ADVANCE PAYMENT OF TAX

(3) Any person from whom any such tax is or may be due may make an estimate of and pay the same to the treasurer, who shall receipt therefor, at any time before the same is determined by the court, and shall thereupon be entitled to any discount and be relieved from any interest or penalty upon the amount so paid in the same manner as if the tax were then determined. Any excess so paid shall be refunded to the person so paying or entitled thereto by such treasurer out of any inheritance-tax money in his possession.

BOND FOR PAYMENT OF DEFERRED TAX

SEC. 9. Any beneficiary of any property chargeable with such inheritance tax, and any executors, administrators, and trustees thereof, may elect, within 18 months from the date of the transfer thereof as herein provided, not to pay such tax until the person or persons beneficially interested therein shall come into the actual possession or enjoyment thereof. The person or persons so electing shall give a bond to the District in a penalty of three times the amount of any such tax, with such sureties as the court may approve, conditioned for the payment of such tax and interest thereon, at such time or period as the person or persons beneficially interested therein may come into the actual possession or enjoyment of such property, which bond shall be filed in the court. Such bond must be executed and filed and a full return of such property upon oath made to the court within one year from the date of such transfer thereof, and such bond must be renewed every five years.

REQUESTS TO EXECUTORS FOR SERVICES

SEC. 10. If a testator bequeaths property to one or more executors or trustees in lieu of their commissions or allowances, or makes them his legatees to an amount exceeding the commissions or allowances prescribed by law for an executor or trustee, the excess in value of the property so bequeathed, above the amount of commissions or allowances prescribed by law in similar cases, shall be taxable under the provisions of this act.

TRANSFER OF STOCK BY FOREIGN EXECUTORS

SEC. 11. (1) If a foreign executor, administrator, or trustee shall assign or transfer any stock or obligations in the District standing in the

name of a decedent or in trust for a decedent, liable to any such tax, the tax shall be paid to the District treasurer on the transfer thereof.

NONRESIDENT DECEDENT; NOTICE OF TRANSFER; ORDER OF COURT

(2) No safe-deposit company, bank, or other institution, person or persons holding securities or assets of a nonresident decedent, nor any foreign or domestic corporation doing business within the District in which a nonresident decedent held stock at his decease, shall deliver or transfer the same to the executors, administrators, or legal representatives of said decedent, or upon their order or request, unless notice of the time and place of such intended transfer be served upon the tax officials of the District at least 10 days prior to the said transfer; nor shall any such safe-deposit company, bank, or other institution, person or persons, nor any foreign or domestic corporation, deliver or transfer any securities or assets of the estate of a nonresident decedent without retaining a sufficient portion or amount thereof to pay any tax which may thereafter be assessed on account of the transfer of such securities or assets under the provisions of the inheritance tax laws, without an order from the proper court authorizing such transfer; and it shall be lawful for the tax officials, personally or by representative, to examine said securities or assets at any time before such delivery or transfer. Failure to serve such notice or to allow such examination or to retain a sufficient portion or amount to pay such tax as herein provided shall render said safe-deposit company, trust company, bank, or other institution, person or persons, or such foreign or domestic corporation liable to the payment of the tax due upon said securities or assets in pursuance of the provisions of the inheritance tax laws. The District tax officials may issue a certificate authorizing the transfer of any such stock, securities, or assets whenever it appears to the satisfaction of the officials that no tax is due thereon.

EXAMINATION OF CORPORATE BOOKS, PAPERS, AND SO FORTH

(8) Whenever any decedent shall have left any stocks, bonds, or other securities issued by any corporation, joint-stock company, partnership, or association, domestic, or foreign, owning property or doing business in the District, or any interest therein, or in the assets thereof, all inventories, books, papers, and records thereof shall be competent evidence in any court, and shall be accessible to the executor or administrator of the estate of such decedent, the appraisers, public administrator, inheritance-tax counsel, or other person designated by the court, for the purpose of ascertaining the true value of such stocks, bonds, securities, or other interests, under such conditions and limitations as the court may prescribe; and the court may order the production in court of any such inventories, books, papers, and records, and may require the attendance and examination in court of any officer or employee of any such corporation, joint-stock company, partnership, or association.

SEC. 12. (1) The District court having jurisdiction to grant letters testamentary or of administration upon the estate of a decedent whose property is chargeable with any tax under the inheritance tax laws, or to appoint a trustee of such estate or any part thereof, or to give ancillary letters thereon, shall have jurisdiction to hear and determine all questions arising under the provisions of the inheritance tax laws and to do any act in relation thereto authorized by law to be done in other matters or proceedings coming within its jurisdiction.

(2) Every petition for ancillary letters testamentary or of administration shall include a true and correct statement of all the decedent's property in the District with the value thereof; upon presentation thereof the court shall cause the order for hearing to be served personally upon the public administrator; and upon the hearing the court shall determine the amount of the inheritance tax which may be or become due, and the decree awarding the letters may contain provisions for the payment of such tax or the giving of security therefor.

NONRESIDENT ESTATES; JURISDICTION

(3) The District court and the judge thereof at the seat of government shall have jurisdiction to hear and determine all questions relating to the determination and adjustment of inheritance taxes in the estates of nonresident decedents in which a tax appears to be due and in which it does not otherwise appear necessary for regular administration to be had therein. And in such estates a public administrator may be appointed as special administrator for the purposes of such adjustment.

Mr. Speaker, the foregoing does not attempt to provide all the machinery for inheritance-tax collections, but the procedure is practically the same in nearly all the States and any additional provisions may be added by the committee to supply necessary aid in carrying out the purpose of the bill.

Mr. Speaker, in conclusion I submit a resolution that has for its purpose a necessary aid to the foregoing proposed legislation for District affairs. As before stated, no pride of authorship of these bills or the resolution is had nor are their terms intended to be restricted to the form submitted.

I do urge that rates in both the income tax bill and inheritance tax bill should be equal to those in my own State, because it is a frequent statement made in debate that many people of

large wealth have settled in Washington in order to escape one or the other of these taxes which they would pay in New York or Wisconsin.

No desire to penalize these District residents is manifested when asking them to pay the same taxes as they would be obliged to pay if residents of the State from which possibly they may have removed.

A resolution that seeks to secure all needed data for the establishment of just and proper relations between the Federal and District Governments is herewith offered.

House Resolution No. —

Whereas the people of every State are proud of their Capital City and desire to have its administration, including school, fire, police, and other municipal activities maintained at the highest efficiency; and

Whereas the Federal Government on behalf of such States has annually contributed in recent years \$9,000,000 to the support of the District of Columbia, or nearly \$20 per capita; and

Whereas the people of the several States are alleged to be taxed far in excess of the assessment and tax rates paid by the residents of the District of Columbia for like property; and

Whereas people of more than 40 States now pay State estate taxes in case of death in addition to similar taxes paid to the Federal Government; and

Whereas the people in a large number of States pay a State income tax in addition to the Federal income tax; and

Whereas the residents of the District of Columbia pay no estate taxes or income taxes, but, on the contrary, are alleged to pay less than their just proportion of costs for the support of the District; and

Whereas such charges and countercharges have disturbed the relations between the Federal Government and District government during recent years; and

Whereas every resident taxpayer of the District of Columbia subject to reasonable exemptions should be taxed on a fair basis compared with all other residents in ability to pay and compared with taxpayers of the several States which contribute to the maintenance of the Capital City; and

Whereas the House is chargeable under the Constitution with the duty of raising needed revenues for support of the Federal Government: Therefore be it

Resolved, That a committee of seven Members of the House be appointed by the Speaker for the purpose of recommending to the Congress a just income tax law and a just estate tax law for the District of Columbia; and

Further, that such committee make a general survey of the relations of the Federal Government and the District of Columbia in order that any just proportion of payments be required from the Federal Government may be determined and recommended to Congress for enactment into law, and that the committee further examine and report any needed changes in existing law for the administration of the District of Columbia and for its relations with the Federal Government.

Said committee is authorized to send for persons and papers, to administer oaths, to employ such clerical assistance as is necessary, to sit during any recess of the House, and at such places as it may deem advisable. Any subcommittee, duly authorized thereto, shall have the powers conferred upon the committee by this resolution.

OFFICERS AND EMPLOYEES OF FOREIGN SERVICE

Mr. TEMPLE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 10919) for the relief of certain officers and employees of the Foreign Service of the United States, and of Elise Steiniger, housekeeper for Consul R. A. Wallace Treat at the Smyrna consulate, who, while in the course of their respective duties, suffered losses of Government funds and/or personal property by reason of theft, warlike conditions, catastrophes of nature, shipwreck, or other causes, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to take from the Speaker's table the bill (H. R. 10919) with Senate amendments, disagree to the Senate amendments and ask for a conference. The Clerk will report the bill.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, of the five or six amendments added by the Senate, four or five are akin to the character of legislation passed recently by the House, but, there is one that has no relevancy whatever to the bill as passed by the House. That one amendment provides for a year's salary to the widow of some deceased consular representative.

I have taken the position during this session, awaiting, perchance, some general legislation on the subject, that there

should be no bills passed granting one year's salary to widows of former consular representatives. Unless I can have the assurance of the gentleman from Pennsylvania [Mr. TEMPLE] that that amendment will not be agreed to without the House having an opportunity to express itself, I will have to object to the bill going to conference.

The amendment is absolutely foreign to the subject matter of the bill which passed the House. I have no objection to the amendments inserted by the Senate relating to claims for loss of baggage and the like, but I do seriously object to the loading down of this bill with extraneous matter, such as providing a year's salary for the widow of some deceased consular representative. If I can have the assurance of the gentleman from Pennsylvania that he will not agree to that amendment—and there is only one in which they have offended in the particular I have instanced—then I will not object, otherwise I will feel constrained to object.

Mr. TEMPLE. The gentleman realizes that it has been the custom of the House to pass bills paying a year's salary to the widows of consuls who died in the performance of their duties.

Mr. STAFFORD. But the bill which was messaged to the Senate provided only for claims arising out of the loss of baggage, but the Senate has added an amendment relating to a matter which is entirely extraneous. I would not be fair to the Members of this House if I permitted preferential consideration be given to this one widow when I objected to an omnibus bill reported by the gentleman's committee awarding a year's salary to various widows of our consular representatives.

Mr. JOHNSON of Texas. If the gentleman will permit, I was a member of the subcommittee which considered this legislation, and I am in sympathy with the statement made by the gentleman from Wisconsin. I do not think this amendment should be added to the bill, because it is of a different character and nature; it is not relevant, and I trust the chairman of our committee will accede to the request of the gentleman from Wisconsin.

Mr. TEMPLE. We will give the House a chance to vote on that amendment.

Mr. STAFFORD. I do not wish to tie the hands of the gentleman, but I would hope the gentleman would adhere to our disagreement to that amendment. However, I do not wish to tie the conferees so there will not be a free conference. I understand the parliamentary situation, and know that if we should bind them the Senate might reject the conference, but I hope the gentleman will insist that this amendment is absolutely foreign to the general scope of this bill and insist that it should not be incorporated in the bill.

Mr. TEMPLE. We will bring that amendment back to the House.

Mr. LAGUARDIA. Mr. Speaker, further reserving the right to object, the condition in which we now find this bill bears out the attitude which some of us took on an omnibus relief bill. Gentlemen, if we start on omnibus relief bills, then it is the end of all intelligent legislative consideration of the merits of bills, because it will be just like rivers and harbors, where a few meritorious claims will carry a lot of claims that should never be considered.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. WILLIAM E. HULL. Why does the gentleman make that statement with reference to rivers and harbors?

Mr. LAGUARDIA. Because the rivers and harbors legislative system is the most vicious kind of legislation in our legislative history.

Mr. WILLIAM E. HULL. Will the gentleman tell us what he knows about it?

Mr. LAGUARDIA. I know about it, and I have in mind some projects which the gentleman put in, particularly in reference to promotions in the Army. However, let us not go into that.

Mr. WILLIAM E. HULL. Then why does the gentleman jump on rivers and harbors?

Mr. LAGUARDIA. I think it is the most vicious system of legislation we have had in the history of this Congress.

Mr. MOORE of Virginia. If the gentleman will permit, what is his view about omnibus pension bills? They are claims bills.

Mr. LAGUARDIA. They are very much alike, but the amount involved is not so great.

Mr. MOORE of Virginia. It is larger than the amount involved in the bill under consideration.

Mr. LAGUARDIA. If I see any omnibus claims bills on the Private Calendar, I am going to object.

Mr. GARNER. Mr. Speaker, reserving the right to object, let me ask the gentleman from Pennsylvania a question. I understood the gentleman from Texas [Mr. JOHNSON] to say he

was a member of the subcommittee which considered this legislation in the Foreign Affairs Committee?

Mr. TEMPLE. Yes.

Mr. GARNER. Does the gentleman mind telling the House how many were on that subcommittee and who they were so we may know the personnel that made up this bill?

Mr. TEMPLE. The gentleman from Texas will remember the personnel of that subcommittee. Mr. MARTIN was chairman of the subcommittee.

Mr. MARTIN. Besides myself the members were: Mr. MORRISON D. HULL, of Illinois; Mr. KORELL, of Oregon; Mr. MORGAN, of Ohio; Mr. McREYNOLDS, of Tennessee; Mr. JOHNSON, of Texas; and Mrs. OWEN, of Florida.

Mr. GARNER. May I ask the gentleman one other question? If I understand correctly, the omnibus bill which was reported by the Foreign Affairs Committee only dealt with claims that had been recommended by the State Department.

Mr. TEMPLE. Recommended and very carefully audited, and the total amount, I understand, was about one-tenth of the amount of the original claims.

Mr. GARNER. In other words, it was given thorough consideration and only claims that had merit and were recommended by the State Department were included in the bill?

Mr. TEMPLE. That is true.

Mr. GARNER. If the Senate has put in the bill legislation which your committee did not deem it advisable to consider and include in the omnibus bill, it seems to me it would be the duty of the House conferees to insist upon the policy of the House and give the House an opportunity to vote upon the proposition. I hope you gentlemen will take that viewpoint.

Mr. TEMPLE. We will certainly give the House a chance to express itself on that amendment.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. TEMPLE, MARTIN, and LINTHICUM.

ADDITIONAL LAND FOR THE BUREAU OF STANDARDS

Mr. ELLIOTT. Mr. Speaker, by direction of the Committee on Public Buildings and Grounds I ask unanimous consent to take from the Speaker's table the bill (H. R. 7997) authorizing the purchase by the Secretary of Commerce of additional land for the Bureau of Standards of the Department of Commerce, with a Senate amendment, and agree to the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 15, after "site," insert "Provided, That no portion of Van Ness Street, Tilden Street, or Reno Road shall be closed under the provisions of this act."

Mr. McCLINTIC of Oklahoma. Mr. Speaker, reserving the right to object, how much money is involved in this piece of legislation?

Mr. ELLIOTT. I could not tell the gentleman offhand, but the only matter that is involved here is the Senate amendment, which provides that certain streets shall not be closed.

Mr. McCLINTIC of Oklahoma. Is it contemplated to use this land for the location of additional buildings in the District of Columbia?

Mr. ELLIOTT. This land is to be purchased for the expansion of the Bureau of Standards.

Mr. McCLINTIC of Oklahoma. The gentleman feels it is absolutely necessary that this legislation be enacted into law?

Mr. ELLIOTT. Oh, yes.

Mr. CHALMERS. Mr. Speaker, reserving the right to object, does the gentleman know whether this land is to be used for the hydraulic laboratory?

Mr. ELLIOTT. I do not know anything about the hydraulic laboratory specifically, but this is an extension of the grounds of the Bureau of Standards. There is building going on all around the Bureau of Standards and it is going to be necessary for them to secure more land. This whole matter has been thoroughly threshed out in the House and in the Senate, and all that is involved here is the question of closing three small streets.

Mr. McCLINTIC of Oklahoma. Do I understand it does not provide for the purchase of any additional land?

Mr. ELLIOTT. Oh, yes; it provides for the purchase of additional land. It has been some time since the bill passed the House. The House and the Senate have agreed on this measure with the exception of one thing. The Senate included a provision that these three little streets should not be closed, and I am asking the House to agree to that Senate amendment.

Mr. McCLINTIC of Oklahoma. Does the gentleman know whether or not it is going to be necessary to obtain this land by

process of condemnation or has some kind of tentative agreement been reached?

Mr. ELLIOTT. It will probably have to be acquired by condemnation.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Senate amendment was agreed to.

FEDERAL POWER COMMISSION

Mr. PARKER. Mr. Speaker, I call up the conference report on the bill (S. 3619) to reorganize the Federal Power Commission.

The Clerk read the conference report.

(For conference report and statement see proceedings of the House of June 18, 1930.)

The conference report was agreed to.

WAR DEPARTMENT CONTRACTS

Mr. WURZBACH. Mr. Speaker, I call up the conference report on the bill (S. 4017) to amend the act of May 29, 1928, pertaining to certain War Department contracts by repealing the expiration date of that act and ask unanimous consent that the statement may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. The gentleman from Texas asks unanimous consent that the statement may be read in lieu of the report. Is there objection?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of June 14, 1930.)

The conference report was agreed to.

BRIDGE ACROSS THE ST. CLAIR RIVER, PORT HURON, MICH.

Mr. CRAMTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table S. 4722, a bridge bill identical with a House bill as heretofore reported and on the calendar. It is an emergency matter.

The SPEAKER. The gentleman from Michigan asks unanimous consent to take from the Speaker's table the bill S. 4722, a similar House bill having been reported. The Clerk will report the title to the bill.

The Clerk read the title to the bill, as follows:

An act (S. 4722) creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, I think this is a most important bill, a departure from the historic policy of the Government in the construction of an international bridge, and I think some explanation should be had. The House should be informed what we are doing in the creation of a commission for building a bridge across the St. Clair River.

Mr. CRAMTON. Mr. Speaker, let me say to the gentleman from Wisconsin that this bill provides for the building of a bridge by a commission of very capable men, who out of a sense of public duty render these services without any compensation and without any salary or profit whatever. Necessarily tolls must be had until the bridge is paid for, but all profits go to retire the obligations, and when the obligations are retired the bridge becomes the property of the State of Michigan and the Dominion of Canada, or other agencies authorized to receive it. It is an attempt to obviate the long-continued operation of a toll bridge at large private profits.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. CRAMTON. I yield.

Mr. COCHRAN of Missouri. This bill contains the provisions which the gentleman prepared to protect the public from toll-bridge promotion?

Mr. CRAMTON. It goes further, it contains no element of private profit whatever.

Mr. COCHRAN of Missouri. I want to compliment the gentleman on his preparation of the bill.

Mr. CRAMTON. All the profits go to retire the obligations, and then it becomes a free bridge.

Mr. STAFFORD. Will the gentleman inform the House on what the present commission bill was framed?

Mr. CRAMTON. It is not, I admit, according to the ordinary practice, but it has had careful consideration by the House committee, and has now passed the Senate.

I will say that when it comes to building an international bridge, which is going to cost four or five million dollars, we encounter a difficult situation. In this case I have been in con-

tact with the Canadian authorities, and the necessary legislation to function with this bill has passed the Canadian Parliament within the last few weeks. I am trying now to secure the necessary action of Congress to cooperate with Canada in this international-bridge matter.

Mr. STAFFORD. What powers has the commission so far as raising the money and determining the bonded indebtedness?

Mr. CRAMTON. Only the issuance of bonds. The gentleman knows that all these toll bridges now are financed without the issuance of stock; they are financed by selling bonds. In this particular case the commission has authority to issue bonds.

I may say to the gentleman that the men on the commission did not seek this service nor suggest it. I asked them to serve because they were men of the highest integrity and outstanding business ability. They have stated to me that when the commission is created, if it is created, unless they are satisfied that the venture is a sound one financially they will not issue any bonds. It will not be a wildcat scheme. Further than that, the bonds issued can only be issued with the approval of the Michigan Public Utility Commission. So there is this supervision of the issuance of bonds that oftentimes does not appear.

Mr. STAFFORD. What is provided in the bill respecting the time in which the bridge must be completed?

Mr. CRAMTON. Mr. Speaker, the general law covers that. As I recall, unless construction is commenced within one year and completed within three years, the bill falls so far as the permit is concerned. The general law covers as to the permanence of the permit, but the bill provides that the commission itself ceases to exist in five years if the bridge is not constructed within that time.

Mr. STAFFORD. Does the National Government undertake any obligation in the construction of this bridge?

Mr. CRAMTON. Absolutely none. The bill expressly provides that the indebtedness is not to be in any way an indebtedness of the Government.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman from Wisconsin yield?

Mr. STAFFORD. Yes.

Mr. CHINDBLOM. On the question of public necessity, which, after all, should very largely control in these cases, I might say that a couple of years ago I had occasion to travel from Hamilton, in Ontario, into Michigan, and I crossed the river at Sarnia, going to Port Huron by ferry. I am glad, indeed, from the experience I had at that time that it has become possible to begin the construction of a bridge at that point. I am sure that the public necessity exists there.

Mr. CRAMTON. Mr. Speaker, I might say that it will be a link in one of the great international tourists' routes, and it will be the northernmost transcontinental automobile tourist route between the United States and Canada. There is no bridge on the border north of it and can be none because of Lake Huron, and the nearest bridge to the south of it is at Detroit, about 60 or 70 miles.

Mr. CHALMERS. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. CHALMERS. This is clearly in the interest of the public and for the accommodation of the public. The gentleman from Illinois [Mr. CHINDBLOM] has expressed my view exactly. I have been over this route, and I am very anxious, indeed, that this bridge be constructed for the accommodation of the public.

Mr. LA GUARDIA. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. LA GUARDIA. Mr. Speaker, only to say that the proposition presented in this bill is what I believe to be the ideal solution not only for international but for local bridges. I congratulate the gentleman from Michigan [Mr. CRAMTON] not only upon solving this problem but because of his efforts by private negotiation with members of the Canadian Parliament in bringing about within a very short time an understanding that would have taken months and months if we went through the various diplomatic channels.

Mr. STAFFORD. Mr. Speaker, as this is a departure from any former type of bridge bill, I felt it incumbent upon me to have the author of the bill explain the character of the measure before having it agreed to. I withdraw the reservation of objection.

Mr. CRAMTON. Mr. Speaker, in response to the inquiries I am glad to give some information as to the proposed international bridge from Port Huron, Mich., to Sarnia, Ontario. The boundaries between Michigan and Ontario from Lake Erie to Lake Huron consist of the Detroit River, Lake St. Clair, and the St. Clair River. There has recently been constructed an international bridge at Detroit. There is no bridge north of that. The crossing at Port Huron is by means of a ferry for foot passengers and vehicles. The Grand Trunk Railroad has

a tunnel under the St. Clair River at Port Huron. There is a continuous paved highway across Michigan from Grand Haven to Port Huron as well as from Chicago to Port Huron. There is also a continuous paved highway from Sarnia, Ontario, to Niagara Falls and on to New York and New England, as well as from Sarnia to Toronto, Montreal, Quebec, and lower Canada. As I have said, it is the northernmost transcontinental automobile tourist route in the United States and would necessarily be a very popular route.

Congress has heretofore passed legislation authorizing the construction of a toll bridge at that point by a private corporation, companion legislation having been enacted by the Dominion Parliament. Because of the condition of the bond market it has been found as yet impossible to finance the building of this bridge under that legislation. It is believed that a real public need exists for the construction of that bridge and that it will be beneficial to not only the local communities but to the State of Michigan and the Province of Ontario. It will also be a great convenience to the traveling motorist who visits that section of the country.

In the legislation heretofore passed it was provided that 80 per cent of the net earnings should be used to retire the obligations created by the financing of the bridge and that when such obligations were all retired the bridge should be turned over without cost to the State of Michigan and the Dominion of Canada, or subdivisions thereof authorized by them to accept, and it should thereafter be maintained as a free bridge. The pending legislation is based upon our desire to secure the building of this bridge as early as possible and to have it pay for itself out of its earnings and thereafter become a free bridge.

The bill introduced by me, H. R. 12643, was favorably reported to the House by the Committee on Interstate and Foreign Commerce on June 14, 1930. It is upon the House Calendar. The bill in the identical form reported by the House committee was introduced in the Senate by the Senator from Michigan [Mr. VANDENBERG]. It has been passed by the Senate and is the bill I have called up for consideration by the House today. This bill created what is known as the Great Lakes Bridge Commission and gives it full authority to finance the building of the bridge through issuance of bonds, construct the bridge, and operate it.

It further gives the commission the authority to acquire and operate the existing ferry, which would compete with the bridge when constructed. It provides that the net income from operation of the bridge and ferry shall be used to retire the bonds, and that when all the bonds have been paid the bridge shall be turned over to the State of Michigan and the Dominion of Canada, or subdivisions thereof authorized to accept.

The members of the commission do not receive any compensation for their services or any profit. Theirs is distinctly a public service. The commission consists of five men who have been asked by me to serve upon the commission. They are men of high standing, namely: Mr. Frank E. Beard, of Port Huron, chairman of the St. Clair County Road Commission, a member of the State road advisory board, president of the large mercantile firm of Beard, Campbell & Co., and vice president of the First National Bank & Trust Co.; Mr. Edgar W. Kiefer, president of the Port Huron Sulphite & Paper Co., of Port Huron; Major D. McCoach, jr., United States Army, district engineer at Detroit; Mr. Fred W. Moore, of St. Clair, president of the Diamond Crystal Salt Co.; and Mr. Louis A. Weil, one of the owners of the Port Huron Times-Herald.

The act provides that no obligations or liabilities can be incurred by the commission other than those dischargeable from funds provided by this act, and no indebtedness created under the act shall be an indebtedness of the United States.

I include as part of my remarks the majority committee report upon the bill as submitted by the gentleman from Michigan [Mr. MAPES] for the Committee on Interstate and Foreign Commerce of the House.

This bill is in a different form from the form usually used in granting franchises for international bridges. Its provisions have been very carefully prepared by the author of the bill in order to meet the conditions which have been found necessary by the author, Mr. CRAMTON, to successfully finance the bridge and secure its construction. After careful consideration by the committee its passage is recommended, with certain amendments which have been made by the committee.

This bridge will be located between Port Huron, Mich., and Sarnia, Ontario, just south of the south end of Lake Huron, and will be on one of the main east and west international highways of travel and commerce, running from St. Paul and Minneapolis east through Michigan and Ontario to Hamilton, Ontario, and Niagara Falls and New York City.

The bridge will not be a part of the highway system of either the State of Michigan or the Province of Ontario. Neither the State nor

the Province will construct a bridge at this point. Neither Port Huron nor Sarnia can finance a structure of this kind. It appears from the hearing that there will be no way to secure a highway bridge at this point unless it is financed and constructed by a private corporation with the usual rights of earning profits for stockholders, or by a commission under some kind of authority such as is provided in the bill.

The bill creates a bridge commission with authority to issue bonds under the conditions specified in the bill, construct and operate the bridge until the bonds or other indebtedness issued or incurred for the construction of the bridge have been paid; and thereafter the bridge will be conveyed to the State of Michigan and to the Province of Ontario, provided they will accept it, and will be operated as a free highway bridge.

The commission is to be composed of business men and the United States Army Engineers, who are to act entirely from a spirit of public service and without compensation. Those selected as members of the commission are chosen by the author of the bill after consultation with them, and the committee was assured by the author of the bill that their business standing and their high character would insure the faithful discharge of their duties on the commission and their complete freedom from political influences.

The bill provides that this commission is to be created in order to facilitate international commerce. It will be a Federal agency with limited powers specifically enumerated in the bill. It is not a corporation, but it will have several of the usual powers of a corporation. It will terminate and be dissolved within five years after the passage of the act, unless the bridge is constructed by that time. If the bridge is constructed, the commission will be dissolved as soon as the bridge is paid for and turned over to the public authorities authorized to receive it.

No stock is to be issued; no one is to receive any profit. The members of the commission are to give bonds for the faithful performance of their duty, and all funds received from the sale of bonds are to be used for the construction of the bridge, and the bonds are to be retired from the tolls received.

The method of financing the bridge is provided for by the terms of the bill, and the bridge is to be constructed under the provisions of March 23, 1906, which gives to the Secretary of War the right to see that tolls are just and reasonable and to himself fix the tolls if he finds them not to be just and reasonable. The plans for construction will have to be approved by the Secretary of War and the Chief of Engineers. The bonds or other securities issued for financing the structure must be approved by the securities commission of the State of Michigan before they are sold.

The bill authorizes the bridge commission to purchase and operate the existing ferries that are now used between Port Huron and Sarnia until the bridge is completed. Thereafter they may be sold or operated as the commission finds desirable. The purpose for authorizing the commission to purchase and operate the ferries is, first, to prevent what would amount to a practical confiscation of the ferries. When the bridge is completed and is in operation, the ferries will be practically put out of business; and while there is no obligation to prevent losses of that kind when public improvements like bridges are constructed, yet the committee feels that there is no objection to the prevention of such losses if it can be done.

But the principal purpose of authorizing the commission to purchase and operate the ferries is to enable the commission to finance the construction of the bridge. In order to raise the necessary funds to construct the bridge it is necessary to determine, with more or less certainty, the tolls that will be charged and the revenues that are to be expected. A careful check up has been made of the probable traffic to be expected, and by taking into consideration the probable traffic and the probable revenues to be received, the commission will be able to finance the structure. But, naturally, the ferry company is opposed to the construction of the bridge; they can reduce their tolls substantially at any time, and thereby prevent the financing of the bridge, because if the ferry company should materially reduce their charges it would be necessary for the bridge commission to reduce the charges for transiting the bridge. In order, therefore, to prevent anticipated cutting of ferry charges, and to secure the necessary funds to construct the bridge, as well as to prevent the practical confiscation of the property of the ferry company, the bill authorizes the commission to purchase and operate the ferries.

The exact location of the bridge has not yet been determined. The river near where the ferries are now operated is quite wide. Just north of that location about a mile or a mile and a half, the river is narrower, and a bridge can be constructed at that point for perhaps a million dollars less than it can where the river is wider. Unless the commission owns and controls the ferries, they would be compelled to construct the bridge at the wide part of the river. Owning and operating the ferries the commission could construct a bridge at the narrower point and save considerable money. The savings would amount to more than enough to purchase the ferries. When the bridge is completed the commission would dispose of the ferries if they were no longer needed, or could continue to operate part of them if they were needed.

The committee sees no particular objection to this authority being granted to the commission, since it seems to be important, if not necessary, in order to finance the bridge and successfully amortize its cost, and make it free.

The bill also exempts the bridge and the income thereof from all Federal, State, and municipal taxes. Being a Federal commission, the State and municipality could not tax the bridge without authority of Congress. It would manifestly not be wise to exempt it from State and municipal taxes unless it were likewise exempted from Federal taxes. Since this is a public commission created for the single purpose of providing a facility for international commerce in connection with which no private profits are contemplated or allowed, the committee knows of no valid reasons why they should not be exempted from taxes. If the bridge and the income therefrom is required to pay local and Federal taxes, a substantial part of the revenues would be required, and that much more time would be required to amortize the cost of construction, and its becoming free to the public would be thereby considerably postponed.

It is the policy of the committee to encourage the building of free highway bridges wherever possible. Where that is not possible, it would seem to be a wise policy to permit the construction of bridges under plans of financing which would amortize their costs as soon as possible and make them free thereafter. In harmony with that policy the committee believes that it would be in the public interest to exempt the bridge and the income therefrom from all taxes, so that it can become a free bridge, the property of the public as soon as possible.

On the whole the committee believes that it will be more in the public interest to authorize the construction of this bridge in the manner provided by the bill rather than to allow it to be built by a private corporation which would of course be entitled to receive promotion charges, and at least the usual profits to which private capital is entitled.

As to precedents, some years ago Congress created a private corporation and authorized it to construct a bridge across the Hudson River in New York, granting the corporation authority to condemn property and to finance and construct a bridge. Within the last three or four years Congress authorized the city of Louisville, Ky., or a bridge commission appointed by the municipality, to construct and operate a highway bridge across the Ohio River at Louisville. Authority was granted to the commission to issue bonds and pay for the bridge from the tolls received and after costs of the bridge have been amortized, the bridge is to be free. In that case Congress granted the authority to a commission which we authorized the city to appoint to construct and operate the bridge. In this bill Congress itself creates and appoints the commission. The Louisville commission being a municipal agency is exempt from Federal taxes, and it has been exempted from State and local taxes by the State legislature.

The State of Alabama created a bridge commission or a corporation and Congress granted authority to that public corporation to construct a number of toll bridges in Alabama, and provided that when the costs of the bridges were paid from the tolls, they should be operated as free bridges thereafter. That corporation, being a State agency, is exempted from Federal taxes, and by State law is exempted from State and local taxes. If it is a wise policy for Congress to encourage the construction of free bridges to facilitate the movement of interstate and international commerce, and to permit reasonable charges to be made for the use of such structures until the actual costs thereof have been amortized, and they can thereafter become free public bridges, the committee sees no reason why they should not be exempted from taxes and thereby become free public bridges as soon as possible. Under the plan proposed by this bill a substantial and safe highway bridge can be constructed at Port Huron which will in a few years become a free public bridge. If the bridge can not be constructed in the manner provided by the bill, international commerce at Port Huron will be subjected indefinitely to unregulated tolls charged by the ferry companies, or to such tolls as may be charged by any private corporation that may be authorized to construct a bridge at that point.

The committee believes that the plan proposed by the bill is in the public interest and recommends the passage of the bill.

Section 10 of the bill contains the following provisions:

"No obligation created or liability incurred pursuant to this act shall be an obligation or liability of any member or members of the commission, but shall be chargeable solely to the funds herein provided, nor shall any indebtedness created pursuant to this act be an indebtedness of the United States."

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER. Without objection, the bill will be printed in the RECORD without reading, as it is a very long bill.

There was no objection.

The bill is as follows:

Be it enacted, etc., That in order to facilitate international commerce, the Great Lakes Bridge Commission, hereinafter created, and hereinafter referred to as the commission, and its successors and assigns, be, and

are hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the St. Claire River, at or near the city of Port Huron, Mich., and the city of Sarnia, Canada, at a point suitable to the interests of navigation, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, subject to the conditions and limitations contained in this act, and subject to the approval of the proper authorities in the Dominion of Canada. For like purposes said commission and its successors are hereby authorized to purchase, maintain, and operate all or any ferries across the St. Claire River within 5 miles of the location which shall be selected for said bridge, subject to the conditions and limitations contained in this act, and subject to the approval of the proper authorities in the Dominion of Canada.

SEC. 2. There is hereby conferred upon the commission and its successors and assigns all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use such real estate and other property in the State of Michigan as may be needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State of Michigan, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation of private property for public purposes in such State, and the commission and its successors or assigns may exercise in the Dominion of Canada all rights, powers, and authority which shall be granted or permitted to the commission by the proper authorities of the Dominion of Canada or of the Province of Ontario, including the entering upon lands and acquiring, condemning, occupying, possessing, and using such real estate and other property in the Dominion of Canada as may be needed for such location, construction, operation, and maintenance of such bridge.

SEC. 3. The commission and its successors and assigns are hereby authorized to fix and charge tolls for transit over such bridge and such ferry or ferries in accordance with the provisions of this act.

SEC. 4. The commission and its successors and assigns are hereby authorized to provide for the payment of the cost of the bridge and its approaches and the ferry or ferries and the necessary lands, easements, and appurtenances thereto by any issue or issues of bonds of the commission, upon approval by the Michigan Public Utilities Commission, bearing interest at not more than 6 per cent per annum, payable annually or at shorter intervals, maturing not more than 30 years from their date of issuance, such bonds and the interest thereon, and any premium to be paid for retirement thereof before maturity, to be payable solely from the sinking fund provided in accordance with this act. Such bonds may be registrable as to principal alone or both principal and interest, and shall be in such form not inconsistent with this act, and be payable at such place or places as the commission may determine. The commission may repurchase and may reserve the right to redeem all or any of said bonds before maturity at prices not exceeding 105 and accrued interest. The commission may enter into an agreement with any bank or trust company in the United States as trustee having the power to make such agreement, setting forth the duties of the commission in respect of the construction, maintenance, operation, repair, and insurance of the bridge and/or the ferry or ferries, the conservation and application of all funds, the safeguarding of moneys on hand or on deposit, and the rights and remedies of said trustee and the holders of the bonds, restricting the individual right of action of the bondholders as is customary in trust agreements respecting bonds of corporations. Such trust agreement may contain such provision for protecting and enforcing the rights and remedies of the trustee and the bondholders as may be reasonable and proper and not inconsistent with the law and also a provision for approval by the original purchasers of the bonds of the employment of consulting engineers and of the security given by bridge contractors and by any bank or trust company in which the proceeds of bonds or of bridge and/or ferry tolls or other moneys of the commission shall be deposited, and may provide that no contract for construction shall be made without the approval of the consulting engineers. The bridge constructed under the authority of this act shall be deemed to be an instrumentality for international commerce authorized by the Government of the United States, and said bridge and ferry or ferries and the income derived therefrom shall be exempt from all Federal, State, municipal, and local taxation. Said bonds shall be sold in such manner and at such price as the commission may determine, such price to be not less than the price at which the interest yield basis will equal 6 per cent per annum as computed from standard tables of bond values, and the face amount thereof shall be so calculated as to produce, at the price of their sale, the estimated cost of the bridge and its approaches, and the land, easements, and appurtenances used in connection therewith, and, in the event the ferry or ferries are to be acquired, also the estimated cost of such ferry or ferries and the lands, easements, and appurtenances used in connection therewith. The cost of the bridge and ferry or ferries shall be deemed to include interest during construction of the bridge, and for 12 months thereafter, and all engineering, legal, architectural, traffic surveying, and other expenses incident to the construction of the bridge or the acquisition

of the ferry or ferries, and the acquisition of the necessary property, and incident to the financing thereof, including the cost of acquiring existing franchises, rights, plans, and works of and relating to the bridge, now owned by any person, firm, or corporation, and the cost of purchasing all or any part of the shares of stock of any such corporate owner if, in the judgment of the commission, such purchases should be found expedient. If the proceeds of the bonds issued shall exceed the cost as finally determined, the excess shall be placed in the sinking fund hereinafter provided. Prior to the preparation of definitive bonds the commission may under like restrictions issue temporary bonds with or without coupons, exchangeable for definitive bonds upon the issuance of the latter.

SEC. 5. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to pay the principal and interest of such bonds as the same shall fall due and the redemption or repurchase price of all or any thereof redeemed or repurchased before maturity as herein provided. All tolls and other revenues from said bridge are hereby pledged to such uses and to the application thereof hereinafter in this section required. After payment or provision for payment therefrom of all such cost of maintaining, repairing, and operating and the reservation of an amount of money estimated to be sufficient for the same purpose during an ensuing period of not more than six months, the remainder of tolls collected shall be placed in the sinking fund, at intervals to be determined by the commission prior to issuance of the bonds. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested. The commission shall classify in a reasonable way all traffic over the bridge, so that the tolls shall be so fixed and adjusted by it as to be uniform in the application thereof to all traffic falling within any such reasonable class, regardless of the status or character of any person, firm, or corporation participating in such traffic, and shall prevent all use of such bridge for traffic except upon payment of the tolls so fixed and adjusted. No toll shall be charged officials or employees of the commission or of the Governments of the United States or Canada or any State, Province, county, or municipality in the United States or Canada while in the discharge of their duties or municipal police or fire departments when engaged in the proper work of any such department.

SEC. 6. Nothing herein contained shall require the commission or its successors to maintain or operate any ferry or ferries purchased hereunder, but in the discretion of the commission or its successors any ferry or ferries so purchased, with the appurtenances and property thereto connected and belonging, may be sold or otherwise disposed of or may be abandoned and/or dismantled whenever in the judgment of the commission or its successors it may seem expedient so to do. The commission and its successors may fix such rates of toll for the use of such ferry or ferries as it may deem proper, subject to the same conditions as are hereinabove required as to tolls for traffic over the bridge. All tolls collected for the use of the ferry or ferries and the proceeds of any sale or disposition of any ferry or ferries, shall be used, so far as may be necessary, to pay the cost of maintaining, repairing, and operating the same, and any residue thereof shall be paid into the sinking fund hereinabove provided for bonds. An accurate record of the cost of purchasing the ferry or ferries, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 7. After payment of the bonds and interest, or after a sinking fund sufficient for such payment shall have been provided and shall be held for that purpose, the commission shall deliver deeds or other suitable instruments of conveyance of the interest of the commission in and to the bridge, that part within the United States to the State of Michigan or any municipality or agency thereof as may be authorized by or pursuant to law to accept the same (hereinafter referred to as the United States interests) and that part within Canada to the Dominion of Canada or to such Province, municipality, or agency thereof as may be authorized by or pursuant to law to accept the same (hereinafter referred to as the Canadian interests), under the condition that the bridge shall thereafter be free of tolls and be properly maintained, operated, and repaired by the United States interests and the Canadian interests, as may be agreed upon; but if either the United States interests or the Canadian interests shall not be authorized to accept or shall not accept the same under such conditions, then the bridge shall continue to be owned, maintained, operated, and repaired by the commission, and the rates of tolls shall be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management, until such time as both the United States interests and the Canadian interests shall be authorized to accept and shall accept such conveyance under such conditions. If at the time of such conveyance the commission or its successors shall not have disposed of such ferry or ferries, the same shall be disposed of by sale as soon as

practicable, at such price and upon such terms as the commission or its successors may determine, but in making any such sale preference shall be given to the Canadian interests and thereafter to the United States interests before any sale except to such respective interests.

SEC. 8. For the purpose of carrying into effect the objects stated in this act, there is hereby created the Great Lakes Bridge Commission, and by that name, style, and title said body shall have perpetual succession, may contract and be contracted with, sue and be sued, implead and be impleaded, complain and defend in all courts of law and equity; may make and have a common seal; may purchase or otherwise acquire and hold or dispose of real estate and other property; may accept and receive donations or gifts of money or other property and apply same to the purposes of this act; and shall have and possess all powers necessary, convenient, or proper for carrying into effect the objects stated in this act.

The commission shall consist of Frank E. Beard, Edgar W. Kiefer, Maj. David McCoach, jr., Fred W. Moore, and Louis A. Well. Any vacancy occurring in said commission shall be filled by a majority vote of the remaining members of the commission, and notices of elections to fill vacancies and of acceptances thereof shall be filed with the county clerk of St. Clair County, Mich. Any officer of the United States Army who may be appointed or elected a member of the commission may serve as such member notwithstanding the provisions of section 1222, Revised Statutes, or any other law. Each member of the commission and their respective successors shall qualify by giving such bond as may be fixed by the State highway commissioner of Michigan, conditioned for the faithful performance of all duties required by this act. The commission shall elect a chairman and a vice chairman from its members, and may establish rules and regulations for the government of its own business. Three members shall constitute a quorum for the transaction of business.

SEC. 9. The commission shall have no capital stock or shares of interest or participation, and all revenues and receipts thereof shall be applied to the purposes specified in this act. The members of the commission shall not be entitled to any compensation for their services but may employ a secretary, treasurer, engineers, attorneys, and such other experts, assistants, and employees as they may deem necessary, who shall be entitled to receive such compensation as the commission may determine. After all bonds and interest thereon shall have been paid and all other obligations of the commission paid or discharged, or provision for all such payment shall have been made as hereinbefore provided, and after the bridge shall have been conveyed to the United States interests and the Canadian interests as herein provided, and any ferry or ferries shall have been sold, or in the event that the bridge herein authorized is not constructed within five years from the date of approval of this act, the commission shall be dissolved and shall cease to have further existence, by an order of the State highway commissioner of Michigan made upon his own initiative or upon application of the commission or any member or members thereof, but only after a public hearing in the city of Port Huron, notice of the time and place of which hearing and the purpose thereof shall have been published once, at least 30 days before the date thereof, in a newspaper published in the city of Port Huron, Mich., and a newspaper published in the city of Sarnia, Ontario. At the time of such dissolution, all moneys in the hands of or to the credit of the commission shall be divided into two equal parts, one of which shall be paid to said United States interests and the other to said Canadian interests.

SEC. 10. Nothing herein contained shall be construed to authorize or permit the commission or any member thereof to create any obligation or incur any liability other than such obligations and liabilities as are dischargeable solely from funds provided by this act. No obligation created or liability incurred pursuant to this act shall be an obligation or liability of any member or members of the commission, but shall be chargeable solely to the funds herein provided, nor shall any indebtedness created pursuant to this act be an indebtedness of the United States.

SEC. 11. All provisions of this act may be enforced, or the violation thereof prevented by mandamus, injunction, or other appropriate remedy brought by the attorney general for the State of Michigan, the United States district attorney for the district in which the bridge may be located in part, or by the solicitor general of the Dominion of Canada in any court having competent jurisdiction of the subject matter and of the parties.

SEC. 12. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

LEAVE TO ADDRESS THE HOUSE

Mr. LINTHICUM. Mr. Speaker, I ask unanimous consent to proceed for five minutes.

The SPEAKER. The gentleman from Maryland asks unanimous consent to proceed for five minutes. Is there objection? There was no objection.

Mr. LINTHICUM. Mr. Speaker, an attack was made on June 12 of last week on Mr. A. D. Stebbins, president of the Merchants & Miners' Transportation Co. by the gentleman from Kansas [Mr. HOCH] when discussing Senate bill 962, for amendment of the transportation act. As a friend not only of the president of the company but of the company itself, which has had a long and honorable standing in our community, I feel it my duty to read a letter which I have received from the president of the company in reference to the question referred to by the gentleman from Kansas:

MERCHANTS & MINERS' TRANSPORTATION CO.,

Baltimore, June 13, 1930.

MY DEAR CONGRESSMAN: We regret to learn that our bill was defeated yesterday, but are none the less appreciative of the efforts of those who endeavored to have Congress correct what we feel is an injustice done this company through inadvertence.

I notice in the discussion on the floor of the House that Congressman HOCH accused me of intentionally misrepresenting the facts in connection with our settlement with the Director General of Railroads. I am sure that you are convinced that this is not so and that in no case had we any cause for or desire to make any misstatement or evasion of any kind.

I regret that Congressman HOCH, in his investigation of this point, did not see fit to communicate with me before making his accusation. It may be that such procedure would not be in accordance with congressional practice, but at least it would have been fair.

I did have a very definite agreement with Judge Davis (director general) that our final settlement was not to prejudice any claim we might have under the transportation act.

Our negotiations through which we reached an agreement with the director general were during a personal conference between Judge Davis, director general; Mr. Wright, assistant director general; and myself. When the amount was tentatively agreed upon, we discussed the terms of the release, and it was definitely agreed between us that our final settlement release would not in any way prejudice any rights we might secure under the transportation act, Judge Davis stating, in effect, that all he was concerned with was settlement covering Federal control. At that time I also asked that the release specifically state that we were under control until February 29, 1920. Judge Davis stated that he would not dare to change their general form, but agreed to give a letter to this effect.

The Railroad Administration was fully aware of our efforts to secure an amendment to the transportation act. Some of them had already testified before Congress and, as you know, at these hearings expressed themselves as favoring the passage of our bill.

The final settlement was not drawn up at that conference but was forwarded by mail, and as upon receipt of it I was uncertain of the significance of its phraseology. I called Judge Davis on the phone, reminding him of our agreement, and he replied that the clause in question was identical with that being used in the final settlement with the railroads and as they were being paid the benefits of the guaranty clause, it should be sufficient evidence that the terms of the release as submitted observed his agreement with me and would not prejudice any rights we might have under the transportation act.

Whether you call this an "agreement" or "pledge" or "understanding" is certainly immaterial. It was a very definitely stipulated condition of our settlement and Judge Davis observed his obligation thereunder, not only in the phraseology of the release, but in giving the letter agreed to, which letter is quoted by Mr. Sanders in his report on H. R. 7100 in the Sixty-seventh Congress, second session.

While my mind is very clear on this subject, I am not entirely dependent upon that, as the copy of my letter attached written at the time substantiates my recollection.

Yours very truly,

A. D. STEBBINS, President.

HON. J. CHARLES LINTHICUM, M. C.

House Office Building, Washington, D. C.

This is the letter referred to by Mr. Stebbins:

MERCHANTS & MINERS' TRANSPORTATION CO.,

Baltimore, September 26, 1921.

Mr. OTIS B. KENT,

Colorado Building, Washington, D. C.

MY DEAR MR. KENT: Referring to my advice regarding our settlement with the Railroad Administration.

When we were discussing this settlement with Judge Davis I raised the question as to whether or not any rights we might secure under the transportation act, through our special bill, would be prejudiced as to the termination of Federal control, and he replied that it would not, as our settlement would contemplate Federal control to February 29, 1920.

When I received the copy of agreement as proposed I telephoned to Judge Davis, regarding this point, and suggested a mention of the date in the agreement, but he replied that he preferred not to change the form of agreement (and I rather inferred, from the way he talked, that this is the standard form); however, he said that he would have

no objection to giving us a letter, stating that this is the proper interpretation of the term "Federal control," used in the agreement.

Another thing that occurred to me was whether or not the wording of this agreement as covering everything "growing out of Federal control," could be construed as covering any rights under the transportation act, which, as a matter of fact, is predicated upon Federal control.

Inasmuch as you were absent, as well as Mr. Swank, I was without legal advice on this point, and, therefore, asked the judge about same, and I understood him to say that this was the form that was being executed by all other lines, and as they were getting their money this was sufficient evidence that this construction could not be put on it by the Interstate Commerce Commission.

I do not know whether it is necessary to have a letter from the judge on either of these points, but wish you would give it due consideration, and if you think it desirable, would suggest that you call on Judge Davis and ask him to give us such a letter as you think might be necessary to avoid any possible complications in view of the fact that the period of Federal control has been in dispute.

Yours very truly,

A. D. STEBBINS, President.

You will note that Mr. Stebbins refers to the quotation by former Representative Sanders in his report on H. R. 7100 in the Sixty-seventh Congress, second session, which reads as follows:

The Merchants & Miners' Transportation Co. refuse to accept this relinquishment, although this company took back its property on March 1, 1919, with the stipulation that it was without prejudice to any of its rights in the premises. (Hearings on H. R. 15963, p. 21.)

I now read from the hearings referred to on H. R. 15963, dated February 24, 1921:

On December 6, 1918, the vice president of the plaintiff received from the general counsel of the United States Railroad Administration a telegram, dated December 6, as follows:

"The director general has issued an order relinquishing your line with all boats and equipment from Federal control, effective at midnight. Order will be sent you by mail."

Immediately upon receipt of the above telegram and order, the plaintiff protested to the director general against the relinquishment, alleging various ground which we deem it unnecessary to set forth here. The protest concluded with a suggestion of a conference regarding the matter. Thereupon there ensued many conferences between counsel for the plaintiff and the general counsel of the Railroad Administration, also much correspondence by wire and mail, the final outcome of which the plaintiff took back its property March 1, 1919, but still under protest, and with the stipulation that it was without prejudice to any of its rights in the premises.

The quotations I have made are from a report by the referees incorporated in the hearings.

It will be seen from these quotations that the president of the Merchants & Miners' Transportation Co. was careful in protecting the rights of the company; that while he signed the release for the control period, it was not intended, nor did it cover any rights which the company claimed for the six months' gratuity period. I endeavored to make this clear to the committee when the bill was under consideration.

It is quite manifest that the president could not have had under consideration when he signed the release anything other than the control period, because his company had no rights under the transportation act for the six months' gratuity payment, independent steamship lines having been left out of the transportation act. They could not release something they did not have; had they have had any such right we would not be pressing this bill to-day.

I realize that much is done to procure the defeat or passage of a bill by Members of Congress, but I am inclined to agree with the president of the Merchant & Miners that the gentleman from Kansas might have made inquiries of the president of the company before making the statement he did, which was manifestly misunderstood by him, and could easily have been cleared up had he sought the information.

ORDER OF BUSINESS—THE PRIVATE CALENDAR

Mr. TILSON. Mr. Speaker, it has become more and more apparent that it will probably take a considerable portion of to-morrow to finish the consideration of the second deficiency appropriation bill. Therefore I ask unanimous consent that on Saturday it may be in order to consider unobjected bills on the Private Calendar in the House as in Committee of the Whole, beginning where the call last left off.

Mr. STAFFORD. In lieu of the order made yesterday?

Mr. TILSON. No; this is supplementary to it. In case the call of the calendar goes on to-morrow it will be taken up on Saturday where we leave off to-morrow; but in case we do

not reach the calendar to-morrow, we shall begin on Saturday at the star.

Mr. STAFFORD. And it is the understanding that the Committee on Appropriations will go ahead with the consideration of the deficiency appropriation bill to-morrow?

Mr. TILSON. Yes.

The SPEAKER. The gentleman from Connecticut asks unanimous consent that it may be in order on Saturday to consider bills on the Private Calendar, unobjected to, in the House as in the Committee of the Whole, beginning at the star, providing the calendar has not been considered on Friday, and in the event that the Private Calendar is considered at all on Friday, beginning at the star, that on Saturday it shall be in order to begin the call where the call rested at the end of the day on Friday. Is there objection?

Mr. SWING. Mr. Speaker, reserving the right to object, will the deficiency appropriation bill have the right of way over this unanimous-consent request?

The SPEAKER. Unquestionably. Is there objection? There was no objection, and it was so ordered.

SECOND DEFICIENCY APPROPRIATION BILL

Mr. WOOD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 12902) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1930, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1930, and June 30, 1931, and for other purposes. Pending that motion, can we not agree upon a limitation of general debate?

Mr. TAYLOR of Colorado. Mr. Speaker, we have very urgent requests on this side for over three hours' time, and those requests come from some ten or fifteen gentlemen who are exceedingly anxious to address the House. As this is the last bill, we think that these gentlemen ought to have an opportunity to be heard.

Mr. WOOD. Mr. Speaker, it is perfectly apparent that with the amount of general debate the gentleman is asking, providing we have an equal amount upon this side, it would be impossible to finish the general debate to-day. It is important that this bill should pass the House and be sent over to the other body as early as possible. I hope the gentleman may be able to cut down his time further. Let me suggest that general debate close in three hours, half of that time to be controlled by myself and half by the gentleman from Colorado.

Mr. CULLEN. Mr. Speaker, reserving the right to object, my colleague from Colorado has requests for, I think, probably three and a half hours of time. I have requests from some of the Members of the New York delegation that will probably take two and a half hours.

I was going to suggest to the chairman of the Committee on Appropriations before the time for general debate is set that we might go along until later in the day and see if we can adjust ourselves to the requests that we have on this side, and then you may be able probably to fix the time to close general debate.

Mr. GARNER. If you take the entire day for general debate, you might run until 6 o'clock; but you would have plenty of time with the understanding that we read the first paragraph to-day and continue with the bill to-morrow.

Mr. WOOD. If we can have that assurance, that would be all right.

Mr. GARNER. You could meet to-morrow at 11 o'clock.

Mr. CULLEN. I hope the gentleman from Indiana can agree with my suggestion, because it will accommodate my colleagues from the New York delegation.

Mr. TILSON. Mr. Speaker, complying with the suggestion of my friend from New York, I ask unanimous consent that the general debate close to-day and that the first paragraph of the bill be read, and that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow morning.

Mr. CULLEN. That would be perfectly satisfactory.

Mr. TILSON. When we adjourn to-day the general debate would be closed and one paragraph would be read.

Mr. GARNER. That might carry us beyond 6 o'clock.

The SPEAKER. The gentleman from Connecticut asks unanimous consent that the general debate shall be closed to-day and that at the conclusion of the general debate the first paragraph of the bill shall be read.

Mr. WOOD. And the time equally divided between the gentleman from Colorado [Mr. TAYLOR] and myself.

Mr. CHINDBLOM. Does that arrangement preclude the reading beyond the first paragraph of the bill?

Mr. GARNER. Yes.

The SPEAKER. The gentleman from Connecticut asks unanimous consent that the general debate close to-day and that only the first paragraph of the bill be read to-day. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Connecticut also asks unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Indiana moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 12902, the second deficiency appropriation bill. The question is on agreeing to that motion.

The motion was agreed to.

The SPEAKER. The gentleman from Illinois [Mr. CHINDBLOM] will kindly take the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 12902) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1930, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1930, and June 30, 1931, and for other purposes, with Mr. CHINDBLOM in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 12902, which the Clerk will report by title.

The title of the bill was again read.

The CHAIRMAN. The Chair would state that on yesterday the gentleman from Indiana [Mr. WOOD] used 1 hour and 29 minutes and the gentleman from Colorado [Mr. TAYLOR] 1 hour and 50 minutes. The Chair is not expressing an opinion as to the effect that may have on the use of the time to-day, but he makes that statement for the information of the House. He thinks it proper to make that statement.

Mr. WOOD. The time will be divided between myself and the gentleman from Colorado from now on?

Mr. TAYLOR of Colorado. Certainly.

Mr. WOOD. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. ELLIS].

The CHAIRMAN. The gentleman from Missouri is recognized for 15 minutes.

Mr. ELLIS. Mr. Chairman and members of the committee, I shall deflect your thought from the bill in hand for only a brief space. I propose to speak, in the time indulged me, of the bill I have introduced to repeal the agricultural marketing act. I anticipate no enthusiastic reactions, no outbursts of approval to my proposal at this time. If my bill were on the Consent Calendar I should hardly expect to get by with it just yet. Nor is it at all likely that the Committee on Agriculture, to which it has been referred, will be willing to prolong the session to accord me a hearing. The committee is still wedded to its idols—still flying the flag of "farm relief" and resting its faith on bureaucratic experimentations at the expense of the Public Treasury.

The bill, however, reflects my own convictions, reveals the stand I am constrained to take on a great issue of this day and hour. In my deliberate opinion—for I have not acted impulsively—it responds to a rising tide of public opinion.

I have had faith neither in the economic soundness nor practical efficacy of the law the repeal of which I propose. At most, my attitude has been one of hesitant tolerance. I have opposed all and singular the nostrums that have been proposed here and labeled "farm relief." When the President, as part of the agenda of the extraordinary session, outlined in general terms this measure, I did not fail to observe that the Congress was urged to engage in experimentation, to embark upon a voyage of discovery. "Every effort of this character," said the President, "is an experiment. * * * We must make a start." My apprehensions were somewhat allayed by the President's announcement that the primary duty of the board was to be investigation—"the board should be organized," said the President in his message, "to investigate every field of economic betterment for the farmer." But I was intrigued by the further counsel of the President outlining the boundaries and fixing limitations:

Certain safeguards must naturally surround these activities and the instrumentalities that are created. Certain vital principles must be adhered to in order that we may not undermine the freedom of our farmers and of our people as a whole by bureaucratic and governmental domination and interference. We must not undermine initiative. There should be no fee or tax imposed upon the farmer. No governmental agency should engage in the buying and selling and price fixing

of products, for such course can lead only to bureaucracy and domination. Government funds should not be loaned or facilities duplicated where other services of credit and facilities are available at reasonable rates. No activities should be set in motion that will result in increasing the surplus production, as such will defeat any plan of relief.

Mr. Chairman, these counsels of the President have found no place in the structure of the law; they have been wholly disregarded in the execution of it by the Federal Farm Board.

I had then and still have very great confidence in the wisdom and faith of President Hoover. I had then and still have little confidence that any board or bureau of the Government, when once created, will respect and abide by limitations imposed upon it by a mere declaration of Executive policy. I was anxious to have the limitations prescribed by the President incorporated in the law. My apprehensions in this regard prompted me to attend upon the hearings accorded by the Committee on Agriculture of the House. Before the hearings were concluded, I asked and was granted permission to be heard that I might express my anxieties and my misgivings. I set out here my statement to the committee in verbatim:

Mr. Chairman, I realize that you purpose to close these hearings in a few minutes. At this time and in this situation brevity is the very soul of courtesy, if not of wit.

As to my qualifications to speak, let me say that for more than half of my life I have been in direct contact with farming. I owned and operated a Missouri stock and grain farm of proportions for the 16 years between 1909 and 1925. When the lemon was squeezed in 1920 I emerged somewhat disfigured from the general pulp. My sympathies are right, and I ought to and I believe I do understand reasonably well the problems of the farmers of the interior, from subsoil to market.

I want to support a farm relief bill—a bill that will emanate from this committee. The President, of my faith, nominated in my city, has called a special session to enact "farm relief" legislation. A Secretary of Agriculture, a distinguished townsman and personal friend, has proclaimed the necessity for it.

But great and varied trade and industrial interests center in my city. Disguise the fact as we may, this is a proposal for class legislation. The peculiar deservedness of the class perhaps justifies exceptions in its behalf. It is from no lack of confidence in you, my colleagues, that in my desire to vote for your proposals I have humored some misgivings and sought opportunity to set up some signs on the ice—where not to skate.

I hope in your deliberations you will not disregard the patent fact that innovations in industry, in these piping times, are not always reforms. Not one alone, but many lines and classes in industry and trade face conditions that are almost intolerable, problems hard to solve.

For instance, advantaged by splendid facilities and favorable rates of carriage for their commodities, mail-order houses of the great centers are piling wealth in piles like straw from the straw carrier and are imposing hardships on the local tradesmen in the country towns. I doubt that farmers are right now coping with more untoward conditions than are the country merchants in their market towns.

At the same time capital, aggregated in chain operations, is pressing hard the small, independent merchants of the cities. In your legislative proposals I trust you will avoid so far as you may the setting of dangerous precedents in dealing with this one industry—precedents that may not be followed but that will rise to mock, when other industries encouraged by them shall resort, as they surely will, to Congress for aid.

I would have you consider another fact that must also be patent to all. The farmer's real troubles, the handicaps he endures, are now, as they always have been, chiefly those that inhere in the nature of his industry. Little, if anything, can be done by legislation or by governmental intervention to aid in these, his constant and greatest difficulties. It is true that the farmer is about the only producer who has little or nothing to say about the price he shall have for his products. Moreover, he is the only producer of importance in modern industry that does not virtually sell his output before he produces it. But these are not because of any indifference to his own interests; neither to shortsightedness nor perverseness. Encountering, as he must, and knows he must, the whims of weather, seasons, and climate, he labors on, plows, sows, and cultivates, but simply can not, for causes beyond his control, anticipate the harvest or calculate the quantity of his output. If he multiplies his plantings, he may contribute to an unmarketable surplus; if he restricts his sowing, he may be in want. And whether he multiplies or restricts, he may lose and he knows he may lose all from frost or flood or drought. The farmer—except perhaps the grower of grain in arid sections, who is not so much a farmer as a sportsman—has learned to balance the probabilities pretty well. Pardon me an expression of doubt that swivel-chair experts may be expected to do better.

Next, I would commend to your thought that the marketing systems—particularly the agencies and structures through which he reaches his ultimate markets—which are now available to the farmer, have developed out of long experience and in consonance with the

demands of changing conditions. I do not arise to their defense but venture the opinion that, while these systems may be supplemented by cooperative efforts of the farmers themselves, they should not be destroyed. Any attempt to displace present facilities by new marketing structures that will preclude or even discourage the individual initiative, the free play of competition and enterprise that characterizes American business, will work disastrously to every interest of agriculture.

I trust, moreover, you will not be deceived, my colleagues, by the notion that the Government can furnish capital and management—money and skill outright—to an industry or to any branch of it and at the same time keep out of private business. Right there is the thinnest ice of all. Far too much, we all realize, has the notion been fostered in our politics that an ailing industry should repair to the Government for treatment and hospitalization. Within a proper sphere the Government may clear the track, remove obstacles, direct fair play in the interest of an industry. It may afford general facilities and create general conditions favorable to a general prosperity that may be and often are vital to the prosperity of a particular industry. This proper promotion of the general welfare, so ordered and directed as to foster agriculture, is being sought by legislation emanating elsewhere in the Congress. It is to be hoped these traditional principles will be regarded here while benefits both needed and deserved may flow to agriculture from your deliberations and proposals.

When the bill was reported by the committee and came to the floor of this Chamber I was disappointed to the point of amazement that no effort had been made to embody in the bill the lines and limitations so clearly drawn and insisted upon by President Hoover. But I also observed that, apart from a catalogue of aims and goals of the legislation, in language perhaps excusably flamboyant in view of political exigencies recognized by members of both parties, no course of action, no set program, was prescribed in the law for the bureau or board to be created by it. Two things stood out in bold relief. In the first place, so far as express provisions went, the board, when appointed and organized, would be quite as free to refrain from unwise or impractical experimentation as it would be to embark upon it. In the second place, I observed—and this did more to compose my lively apprehensions than all else—the law contained an express and explicit provision that the board, when created, should execute the powers vested in it by the act only in such manner as would, in the judgment of the board, be “practicable.” Practicability was made the test and touchstone of all the board’s bureaucratic activities.

Highly influenced by the confidence I was disposed to repose in the President, and therefore in a board of his appointing, constrained by the reasons I had set forth to the committee in my statement, I carried my tolerance to the extreme limit and voted for the bill.

Mr. Chairman, I indulge in an attitude of tolerance of this legislation no longer. Despite the fact that men of the very highest ability, of approved business acumen and training, of undoubted patriotism and devotion to the public weal, have been charged with its administration, this law—though the President has kept faith with the Congress—the agricultural marketing act, has miserably failed to justify itself or realize the sanguine hopes of the administration. I go further and aver more. As this law has been interpreted, as the test of practicability prescribed in it has been applied, the bureaucratic endeavors which have flowed from it have brought disaster to the very interests it sought to promote; that while impracticable endeavors of the Federal Farm Board have been accomplishing untoward results to the farming industry, they have affronted, disturbed, and menaced the whole business fabric of the country. Plainly, as if spread upon the minutes of a session, the Federal Farm Board, by steps taken and by plans projected, have determined that by bureaucratic processes no advances, seeming or real, can be made toward the goals of this legislation except the domain of private initiative, private enterprise, and private accomplishment in business be ruthlessly invaded by the Government; except the limitations by the President be transcended; except the “safeguards,” which the President declared “must naturally surround these activities,” be wholly disregarded; except through outright violations of the “certain vital principles” which the President insisted must be adhered to “in order that we may not undermine the freedom of our farmers and of our people as a whole by bureaucratic and governmental domination and interference”; except a governmental agency, supplied by the Government with management and capital, “engage in the buying and selling and price fixing of products,” an undertaking which the President wisely warned could lead “only to bureaucracy and domination”; except “Government funds be loaned or facilities duplicated where other services of credit and facilities are available at reasonable rates.”

Though manifestly so persuaded, the Federal Farm Board, as is the way of boards and bureaus, in disregard if not in defiance of the limitations imposed by the President in his declaration of policy, have moved and are now moving in head-on collision with the principles it was pledged to respect and avow; in head-on collision with laws of supply and demand, unyielding as the laws of gravitation; are planning and proclaiming courses of action that go so far beyond mere paternalism in government, beyond the mere projection of government into private business, that the air is becoming odorous of Bolshevism.

I have said that my bill responds to a rising tide of public opinion adverse to the Federal Farm Board and all its works. In substantiation of this I might, of course, cite the expressions of the United States Chamber of Commerce and of other business and industrial organizations, the country wide and the country over. I could irrefutably establish my case out of the correspondence that has been coming to my office in recent weeks—letters from owners and farm operators, as well as those engaged in other lines of industry. I have not the slightest doubt that this is confirmed in the correspondence of many of you who are listening to me. I shall, however, content myself with one memorial that has come into my hands. It is a memorial and an appeal to the Congress from an organization with a membership comprising the industrial activities and business interests of a county in a foremost cotton section of the State of Texas. I read it, adopt it, and indorse the language of it:

Whereas it is the sense and belief of this body that the agricultural marketing act, and especially as said act is sought to be interpreted and carried out by the Federal Farm Board, is creating a crisis in the economic welfare of this country in defiance of the inexorable laws of supply and demand, and is destructive of those benefits that are resultant from competitive markets and independent and private enterprise, and that the effect of said act and the operations of the Federal Farm Board are repugnant to the fundamental economic principles on which the prosperity of the country has been built and has flourished in the past; and

That the operations of the said board to date have deranged values and lowered prices, for agricultural products mainly, to average levels unprecedented during the past several years, and have practically destroyed the confidence of men in all lines of business and have destroyed the safeguards that ordinarily have protected private endeavor and private enterprise; and

That the effect of said act and its operations of the said board will be more destructive in the future, and conducive to general demoralization in economic conditions; and

That the said act catapults our National Government into the field of private enterprise and endeavor and in competition with private enterprise and endeavor, all of which is without merit, justification, or necessity; and

That the said Farm Board has, through its members, time and again admitted unqualifiedly that the farmers in particular must help themselves; that the said board can not help said farmers unless the latter reduce acreages and so conduct the agricultural pursuits, as it were, and in the true sense of the meaning of the admission of the said board, in accordance and consistent with the inexorable laws of supply and demand that necessarily measure the economic welfare of individuals and nations, and thereby admitting the futility of the promises upon which the act and said board were created; and

Whereas this body repudiates any and every attempt on the part of the National and State legislative bodies tending to involve, or involving our Nation, as a government on a competitive basis in the field of private enterprise and aligning itself competitively against private enterprise and capital: Therefore be it

Resolved, That the Navasota and Grimes County Chamber of Commerce condemn, and does hereby condemn, the Federal Farm Board and asks that the agricultural marketing act be repealed forthwith.

Mr. YATES. Will the gentleman state again what document it is from which he has just read?

Mr. ELLIS. This is a resolution from the Navasota and Grimes County Chamber of Commerce, a county in the Cotton Belt of Texas.

This is the echo from the cotton-producing industry. We shall presently hear quite formally from the producers of livestock and the producers of wheat and other grains of the great Central West.

Mr. Chairman, I have endeavored in my remarks to-day to exercise a commendable self-repression. I shall proceed no further except to appeal to my colleagues to give heed to the reactions to the bureaucratic experimentations in American industry which we have set in motion. I appeal to a sober second thought. I shall anticipate greater hospitality to my proposal when we shall convene for the short session in December. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Chairman and members of the committee, I want to direct your attention to a matter that ought to be of great consideration and of great concern.

I do not suppose anybody questions the fact that at this moment, economically and industrially, we are walking on the edge of a precipice. I do not suppose anybody who has any sense does not know that fact. The only question is whether or not we can avoid the thing that impends. If we continue a little longer the economical, industrial, and financial trend of the moment, in less than a month this country will be in the grip of one of the greatest panics we have ever had in our economic history. The question that confronts the American people is whether or not that thing can be avoided.

Repeatedly we have had assurances from the President that all is well; that recovery is just ahead; that everything is all right; we were told that as soon as we could get through the farm-relief measure, things would be all right. They did not come all right. I want you to understand that I say this in no critical spirit. We were assured that as soon as the tariff bill was acted upon everything would be all right, and the day after the tariff bill was signed Wall Street was in a panic, and some of the grains reached the lowest point which they had reached since 1914. Cotton was lower than for a long time, and livestock prices tumbled.

I hope every Member of the House will appreciate the fact that these statements are made, not in any criticism of the party in power, except from the standpoint of the responsibility which it owes to the country, nor in criticism of the President, save as he too must face responsibility. When we stand upon the brink of an economic and financial precipice such as we Democrats and Republicans stand upon to-day, there is no time to play partisan politics. There is no time for Members on the Republican side to try to spare their party; there is no time for Members on the Democratic side to try to get political advantage of that situation. It is of too vital importance to our people. At this moment we stand upon a precipice. We are about to adjourn Congress with the Nation threatened with one of the greatest economic and financial panics in its history. The situation is not very different from what it was in 1921. I address myself especially to you Members who come from the cities. We can learn something from the past. History is valuable.

In 1921 the purchasing power and debt-paying power of the great agricultural sections of this country was paralyzed, particularly was that true of the cotton section. That paralysis was extending to the industrial centers. As a people we arose to the challenge of that emergency; we became statesmen in the face of that crisis, and undertook to deal with it. We did not run from it. We realized in the face of that crisis that we were exactly as a people who live behind a common levee. The levee had broken in front of agriculture, and the water was sweeping around behind and putting out the fires in the factories of the industrial cities. Like intelligent men we met in conference to consider that situation. I challenge you on the Republican side and you on the Democratic side to meet the emergency if it can be done. This situation which confronts your country and my country demands that those who love this country and who are statesmen, who want to do the best they can, should not adjourn this Congress until the limit of human effort has been reached to free our people from the economic paralysis which threatens to extend through the whole system.

I am going to make a suggestion to you. I suppose nobody questions that this difficulty began with agriculture. The President recognized that fact. A special session of Congress was called to deal with the agricultural situation. That is where the difficulty began. Like physicians, you prescribed a remedy.

I want to repeat, I hope you understand I am not at this moment trying to criticize the Republicans or to commend the Democrats. The situation is too serious for that. You provided the agricultural bill, and the patient did not respond. You enacted the tariff bill, and the patient did not respond. Now, a good doctor in that sort of a situation, having prescribed for a patient, if the patient does not respond, does not pack up his bags and go home and leave the patient to die or to get well. I know we are all tired. We want to get home. The remedy provided has not proven efficacious. In all respect, I am making to you this suggestion.

I make it to you Members who represent industrial cities. The benefits given to agriculture are like a rain upon a watershed. The agriculturist expends the least amount of money of any other class of people for what you call amusements. The man on the farm buys the things which are made in the factories.

We have plenty of money in this country. It is the lack of circulation. It is the paralysis that settles down upon the country. The people in my country have cotton they can not sell, yet the people in your cities are not provided with a sufficient wardrobe. The people in the great Wheat Belt of this country are being smothered with a surplus of grain, yet there are hungry men and children walking the streets of your cities. There are houses unpainted on the farms, barns needed, and painters and carpenters in the bread line.

Now, this is my suggestion; before this Congress adjourns—and we have time to do it—we ought to give back to the agricultural producers of this country a part of what this Government compels them to pay in the way of the bounty which is given to industry. They will take that money and start the wheels of your idle factories. That would be just common, ordinary justice and common, ordinary honesty on the part of a great Government, and common sense, too. I do not raise the question now as to the soundness of the protective-tariff system, but nobody on either side of this aisle will question that the protective tariff is a bounty. The Government says to a part of its citizens—I hope you Members living in cities where you have factories that are idle, will do me the courtesy of candidly considering, and do your people the justice of meeting, the situation fairly. Let us forget the positions we have heretofore taken.

Mr. WOOD. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. WOOD. We are all much interested in the remarks of the gentleman, but if the scheme the gentleman suggests were adopted, how would he distribute this bounty, and where would he get the money with which to distribute it?

Mr. SUMNERS of Texas. Of course—you know and I know—we must get it by taxation. There is no use of anybody trying to dodge that. That is a fact.

Mr. WOOD. Admitting that is true, and it is true that that is the only way it could be done, would the gentleman absolve the agricultural sections from that taxation and put it upon industry?

Mr. SUMNERS of Texas. You could not do that. You could not absolve anybody, and nobody is going to escape the consequences of this thing which is taking place now either. It is a common menace, a common concern, and everybody would be willing to help.

Mr. WOOD. Then, admitting that there could be some scheme adopted whereby a taxation process could be used to raise the money, how would the gentleman equitably distribute it among the agriculturists of the country?

Mr. SUMNERS of Texas. I will undertake to answer the gentleman's question, but may I go back just a little bit to give the picture? First, is this thing just? That is first. The Federal Government says now to a part of its citizens, it says to those protected by the benefits of the protective-tariff system, "We are going to give you a bounty." Does anybody challenge that statement? Nobody challenges it, and no intelligent person will challenge it. The Federal Government says, "I am going to help you out on the prices you get for your stuff; I am going to give you a bounty." They stand over on the right-hand side, and the producers of exportable agricultural surpluses—and there is where your trouble is now; there is where this paralysis started; the producers of exportable surpluses, like grain, cotton, and some of the other commodities, stand on the left-hand side, and the Government says to them—it says it now—"I am not going to give you a cent." That is a fact. If anybody challenges that statement I yield. Nobody will challenge it. That is what the Government says to those of its citizens who stand on the left-hand side, these producers of exportable surpluses, "I am not going to give you anything, but I am going to make you pay a bounty to my citizens on the right-hand side." That is a fact.

Now, what I propose is this: To the distinguished gentleman who interrupted me, for whom I not only have affection but high regard, may I say that in a situation like this, when agriculture is on its back, when it is paralyzed, when every student of existing conditions knows that is where the trouble began, when everybody knows that if you can start circulation, if you can revive the debt-paying and purchasing power of agriculture you can open up your factories—I say that in a situation like that the Government—and I will give you my plan, not exactly in the nature of a debenture but something like it; I will not have time to go into the details of it, but that gives you a general picture; let these producers of exportable surpluses, according to the volume of their exports, be given back by this Government a part of what this Government compels them to give to the producers in the cities. For the purpose of this consideration let us call it the debenture plan, though I would proceed not according to the details of that plan. That is just—

tice. That is common sense. That would not be to the prejudice of the cities. I live in a big city; my agricultural vote is relatively negligible, but I know that agriculture is to my city what the root is to the tree; I know that is where the sap comes from; I know that this thing which is paralyzing the industries of our cities, gentlemen, is due to the fact that the people in my country districts and in the great wheat fields of this country can not buy farm implements; they can not buy clothing; they can not buy the things you people produce. Now, I am not appealing for my people alone, but I say give back to my people that which the Government compels my people to give to you and we will buy your commodities, we will take your idle men off the streets, we will abolish your soup kitchens, we will start industry; but if you do not do it, we may go over the precipice and you will go over with us.

This is a serious hour, gentlemen, in my Nation's economic and industrial history. The idea of this Congress adjourning, turning its back upon a challenge like this and going home, leaving this country standing upon such a precipice, would be an inexcusable if not cowardly fleeing in the face of a great national danger. May God grant we can turn back. We are almost there.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. WOOD. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman and members of the committee, on June 9 the press section of the War Department issued a statement, part of which is as follows:

In discussing the West Point situation the Secretary [of War] remarked that he had read that Representative HAMILTON FISH, of New York, had stated that about 50 per cent of the players of the United States Military Academy were college athletes, and also that the West Point players were subsidized.

On June 12 I wrote the Secretary of War as follows:

WASHINGTON, D. C., June 12, 1930.

Hon. PATRICK J. HURLEY,

Secretary of War, Washington, D. C.

DEAR MR. SECRETARY: I was astonished to read in the Washington Evening Star on Monday afternoon, June 9, a statement to the effect that you had read that I had stated that West Point players were subsidized, and that you had added that such a statement was untrue.

I certainly do not desire to have any personal controversy with you over a statement which I never made. I do not believe that any West Point players have been subsidized, and have never even intimated that any such conditions existed at West Point.

If you are quoted correctly by the press, in that I charged that West Point players were subsidized, it is most unfair to me in my capacity as Representative in Congress from the West Point district, and as a firm believer of the traditions and efficiency of the Military Academy.

I take this opportunity to offer to subscribe \$100 to any charity that you may designate if you will furnish any evidence to the acting chairman of the Military Affairs Committee of the House of Representatives or to a single member of the committee, whether Republican or Democrat, which would prove that I had stated that West Point players were subsidized. I deny most emphatically that I ever made such a statement, either directly or indirectly, or even intimated it.

I did state that four out of the last six football captains at West Point resigned shortly after graduation. I now find, after further investigation, that I understated the case, and that six football captains from West Point have resigned in the last nine years without serving the four years minimum, and in most cases with practically no service at all to the Government of the United States, which provided for their education, training, maintenance, and pay while they were cadets at West Point.

As regards the percentage of football players who were on West Point teams who were former college players, I am asking the Adjutant General's office to send me the number of the cadets who received their "A's" for football on the last five teams and what percentage of them were former college players.

Assuring you of my cooperation in presenting the facts to the public so they can judge the merits of the controversy as to the eligibility rules at West Point which has kept the service academies from playing football, I am,

Sincerely yours,

HAMILTON FISH, Jr.

As the Representative in Congress from the district in which West Point is located, I am, of course, not inclined to get into any unnecessary controversy in regard to the Military Academy, of which I am a firm believer and supporter. As a lover of the American game of football and desirous of maintaining the high amateur standing and glorious traditions of football that have existed in the past at West Point, I feel compelled to oppose any efforts to weaken the amateur spirit and status of

football there. I was born at Garrison, opposite West Point, and have known about football at the Military Academy ever since I took an interest in the game; in fact, in 1910 and 1911 I often went over to help coach the tackles. But I can not remain silent and permit the Secretary of War to issue a statement to the effect that I had alleged that West Point football players were subsidized, which has no foundation in fact or fancy. I also can not let go unchallenged the statement made by the Secretary of War and repeated in the House by the gentleman from Ohio [Mr. FITZGERALD] that 50 per cent of the players on some of the recent West Point football teams have been former college players.

I propose to place in the RECORD the names of the former college players that have played on some of the recent West Point teams, the colleges they played with, and the number of years they played on these college teams. You will see that on the 1926 team at West Point, instead of 50 per cent of the team being former college players, 62 per cent had played on college teams before entering the Military Academy.

The report that was read into the RECORD a few days ago, known as the Drum report, stated that only 21 per cent of the West Point teams in the last seven years were composed of former college players.

The public is entitled to the facts. They want the truth, and that part of the Drum report dealing with the percentage of former college players is utterly misleading, evasive, and is an attempt to deceive the American public and whitewash the composition of West Point football teams made up largely of former college players, including many outstanding stars.

The Drum report, although it does not state so in so many words, bases the 21 per cent of former college players, not on the West Point teams that start the Notre Dame game, which is their big objective, or the men who received their A's for football (say, approximately 20 men who might receive their A's for playing on the team), but it includes the whole squad of 50 or more players, some of whom may only get in the early games when the West Point team runs up a big score and holds a commanding lead. Then they may put in their third teams and inexperienced reserves, but these are not the players I am talking about. I am talking about the boys who went to college and played on the college elevens two or three years before they went to West Point. If you take the first Army eleven that started in some of the big games in recent years—the Notre Dame game, for instance—you will find over 70 per cent former college players.

If you take merely the A players, those who receive their A for football, averaging about 20 players a year—and I suppose this is the proper way to do it—you will find that instead of being 21 per cent, as stated in the Drum report, that on some of these teams it runs as high as 62 per cent.

I think this is sufficient answer to the statement of the Secretary of War, that none of these teams had 50 per cent of former college players.

Mr. BLANTON. Will the gentleman yield?

Mr. FISH. I yield.

Mr. BLANTON. All of the universities of the first class have established what is called intercollegiate regulations prescribing the eligibility of those who may play upon university football teams.

Does not the gentleman think that the United States Military Academy at West Point, which is classed as a university of the first class, because men who enter there must pass a rigid mental and physical examination equal to those of the college board, must have at least a high-school education, and in my judgment should have been in college one year in order to stay there—does not the gentleman think that the United States Military Academy should conform to the intercollegiate regulations?

Mr. FISH. In reply to the gentleman, after reading the Drum report, I am compelled to agree with him and trust that the President will see that it is done.

Mr. BLANTON. Congress ought to compel them to do it. And Congress ought to compel them to resume athletic relations with the Naval Academy at Annapolis.

Mr. BARBOUR. Will the gentleman yield?

Mr. FISH. I yield.

Mr. BARBOUR. Do not most of these complaints come from colleges who are unable to beat West Point?

Mr. FISH. The Big Ten in the Middle West have agreed not to play West Point until it establishes the 3-year eligibility rule except for games already scheduled.

Mr. BARBOUR. Stanford University is able to play them, and they do not object to the rules.

Mr. FISH. Harvard and Yale continue to play West Point because it is a big spectacle as the whole cadet corps accompanies the team and the game is popular with the public.

Mr. McCLINTIC of Oklahoma. Will the gentleman yield?

Mr. FISH. I yield.

Mr. McCLINTIC of Oklahoma. If I understood the gentleman correctly, he made the statement that the Secretary of War had given out some information that was not exactly accurate. I want to respectfully call the gentleman's attention to the fact that the Secretary of War has recently been ill to the extent that he has been incapacitated from performing certain duties in connection with his office, and this being true, it is reasonable to assume that he has had to depend upon others to furnish him detailed information.

Mr. FISH. I am glad the gentleman made that statement. I hesitated to allude to it.

Mr. McCLINTIC of Oklahoma. This is not the first time that the Secretary of War has given out a statement which did not correspond with the records; however, I hope that the gentleman will remember the Secretary's illness and realize that he probably has relied upon certain individuals for information who were not competent or qualified to know the facts. I have been the beneficiary of one of his utterances, which was in conflict with statements that have been published in practically every daily paper in Oklahoma. In fact, his statement in this connection caused me quite a good deal of embarrassment, as he named another Member of the Oklahoma delegation as having had the longest service in the House, which was in conflict with statements I had frequently made in speeches giving my constituents credit for having made it possible for me to serve in the House of Representatives two years longer than any other sitting Member from Oklahoma. For the reason the Secretary of War was ill and had to depend upon others to give him this information, I hold no grudge against him, and I hope that the gentleman from New York will feel disposed to excuse him in the same way that I have.

Mr. FISH. I assure the gentleman that I have no grudge against the Secretary of War for being badly advised, and I probably would not have made any statement at all had it not been that the gentleman from Ohio [Mr. FITZGERALD] put the Drum report in the RECORD, and made some statements based on that report which are utterly unfounded in fact and should be a warning to any Member of Congress to do his own investigating and not to depend for facts on a report a part of which is a lavish coat of white wash and seeks to cover up rather than reveal the facts.

Now, Mr. Chairman, I ask unanimous consent to put in the RECORD the names of the "A" players on the 1925, 1926, and 1927 teams who played on college teams previous to entering West Point.

Mr. BLANTON. Will the gentleman also put in the RECORD in that connection the total cost to the Government of educating and carrying through a West Point graduate four years? I think that would be interesting in connection with the gentleman's statement that so many quit as soon as they graduate. I understand that it costs about \$20,000 to graduate a cadet.

Mr. FISH. If I have time, I do not yield further.

Mr. Chairman, I renew my unanimous-consent request to extend my remarks by printing in the RECORD certain statistics and facts regarding the percentage of college players on West Point teams in recent years.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. In 1927, when the Army beat Notre Dame 18 to 0, the Army starting line-up showed 7 former college men out of 11, or about 64 per cent. In order to show how important these college men were to the West Point team I quote a statement from Spalding's Intercollegiate Football Guide for 1927, which, after giving the record of the West Point team for 1927, and that was one of the great years, states that among those who stood out particularly were Cagle, Daly, Harbold, Harding, Murrell, Schmidt, Strong, and Wilson. Of the eight players named seven were former college players, all with the exception of Harbold.

1925 West Point football team

"A" players	College team played on	Years	Remarks
Baxter, H. R.	None		Total, 17 letter men; 11 college players. 65 per cent college players, averaging over 2 years' experience on college first terms.
Born, C. F.	do.		
Daley, M. F.	Connecticut Agricultural College.	3	
Elias, P.	Grand Island College.	1	
Hammack, L. A.	Virginia Polytechnic Institute.	1	
Harbold, N. B.	None		
Harding, N. B.	Davis and Elkins.	1	
Hewitt, O. N.	University of Pittsburgh.	3	

¹ College players.

1925 West Point football team—Continued

"A" players	College team played on	Years	Remarks
Humber, C. I.	North Georgia Agricultural College.	3	
Perry, G. W. R.	Bethel College.	1	
Reeder, R. P.	None		
Saunders, L. V. G.	University of South Dakota.	3	
Schmidt, E. G.	Grinnell College.	2	
Seeman, L. E.	None		
Sprague, M. F.	University of Texas.	3	
Trapnell, T. J. H.	None		
Wilson, H. E.	Penn State.	3	

¹ College players.

1926 West Point football team

"A" players	College team played on	Years	Remarks
Born, C. F.	None		Total, 21 letter men; 13 college players. 62 per cent college players, averaging over 2 years' experience on college first teams.
Brentnell, S. R.	do.		
Cagle, C. K.	Southwest Louisiana Institute.	3	
Dahl, C. A.	Allegheny	3	
Daly, M. F.	Connecticut Aggies	3	
Davidson, G. H.	None		
Elias, P.	Grand Island College.	1	
Gilbreth, J. H.	None		
Hammack, L. A.	Virginia Polytechnic Institute.	1	
Harbold, N. B.	None		
Harding, N. B.	Davis and Elkins.	1	
Hewitt, O. M.	Pittsburgh.	3	
Meehan, A. W.	None		
Murrell, J. H.	Minnesota University.	1	
Perry, G. W. R.	Bethel College.	1	
Saunders, L. V. G.	University of South Dakota.	3	
Schmidt, E. G.	Grinnell	2	
Seeman, L. E.	None		
Sprague, M. F.	University of Texas.	3	
Trapnell, T. J. H.	None		
Wilson, H. E.	Penn State.	3	

¹ College players.

In 1926 the Army's starting line-up in the game against Notre Dame was as follows:

Harbold, left end; *Sprague, left tackle; *Schmidt, left guard; *Daly, center; *Hammack, right guard; *Saunders, right tackle; Born, right end; *Harding, quarter back; *Cagle, left half back; *Wilson, right half back; *Murrell, full back. (*College players.)

Eighty-two per cent of starting line-up former college players.

Substitutes in this game were: Davidson, Muse, *Lynch, Seeman, *Perry, Brentnell, Meehan, Trapnell, Meehan, *Hewitt, and *Dahl. (*College players.)

Sixty-two per cent of all players used in this game were former college players.

It will be noted that all the 21 letter men of 1926 were used in this game, with the exception of *Elias and Gilbreth, and that *Lynch and Muse, who were not letter men, were used.

1927 West Point football team

"A" players	College team played on	Years	Remarks
Born, C. F.	None		Total, 19 letter men; 9 college players. 47 per cent college players, averaging 2 years of college experience on first teams.
Brentnell, S. R.	do.		
Cagle, C. K.	Southwestern Louisiana Institute.	3	
Elias, P.	Grand Island College.	1	
Gordon, J. C.	None		
Hall, W. E.	do.		
Hammack, L. A.	Virginia Polytechnic Institute.	1	
Harbold, N. B.	None		
Hutchinson, R. C.	do.		
Meehan, A. W.	do.		
Murrell, J. H.	Minnesota University.	1	
Nave, W. L.	Iowa State.	2	
Pearson, H. E.	None		
Perry, G. W. R.	Bethel	1	
Saunders, L. V. G.	South Dakota.	3	
Seeman, L. E.	None		
Sprague, M. F.	University of Texas.	3	
Walsh, B.	None		
Wilson, H. E.	Penn State.	3	

¹ College players.

In 1928 the Army's starting line-up against Notre Dame was as follows: Carlmark, *Sprague, *Hammack, Hall, *Humber, *Perry, Mesinger, *Nave, O'Keefe, *Cagle, *Murrell. (*College players.)

Sixty-four per cent college players starting.

In the starting line-up of the Notre Dame games the percentages of college players on the West Point team are as follows:

	Per cent
1926 team-----	82
1927 team-----	64
1928 team-----	64
Average-----	70

Six of the nine captains of football teams resigned before serving the required four years; they were Glen C. Wilhide (1920), Wlademar F. Breidster (1922), Denis J. Mulligan (1923), Edgar W. Garbisch (1924), Mortimer E. Sprague (1928), and Christian K. Cagle (1929).

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WASON. I yield one minute to the gentleman from South Carolina [Mr. McSWAIN].

Mr. McSWAIN. Mr. Chairman, in connection with so much discussion in this hall of legislation about football by and among and between college boys I think it is highly proper that I should call to the attention of the House the fact that there were in the galleries to-day about 160 young men and young women, about equally divided between the sexes, constituting the winners from 40 States in the work conducted under the auspices of the Department of Agriculture, known as the 4-H Club. These boys and girls, after contesting in their several States in crop growing and in livestock production, have been selected as the winners, and one of the material rewards for such winning is a trip to Washington, their Nation's Capital, and entertainment and instruction while here. These fine young people are now camped on the green of the Department of Agriculture in the Mall, and it is an inspiring sight to see them gathering for informal discussions, for inspirational lectures, and for music and singing, and to observe them going through the various departments and museums of the city, gathering information and stimulating ambition, to carry back to their several States, and thus to be of benefit to them for the rest of their lives and through them to their neighbors and friends with whom they shall be associated in life work.

Without discounting in any rate the value of athletic exercises, both intracollegiate and intercollegiate, I confess a greater interest in these boys and girls that have shown devotion to agriculture, upon which the future greatness of the Nation must fundamentally rest. Not only is agriculture essential for life and clothing but the agricultural districts constitute the nursery for the production of their share of men and women who shall become leaders in church, in education, in science, in industry, in finance, and in government. As to this wrangle and disputation that has been going on for several years between the United States Military Academy and the United States Naval Academy about the discontinuance of their intercollegiate games and their resumption, I think that the bill that I introduced several years ago to require the ages of midshipmen at the United States Naval Academy to be the same as that for the United States Military Academy would solve the problem. If the ages for admission into these two Government-supported service schools were the same, then their previous school activities would be about the same, their physical and mental development would be about the same, and thus would be produced that equality which it is charged does not now exist. I recall for the information of the country that the Navy Department emphatically and energetically reported unfavorably upon my bill to change the law as to the ages for admission of midshipmen to the United States Naval Academy. Without the approval of the Navy authorities I found hope of favorable action by the committee to be slim and consequently nothing could be done. If the Naval Academy authorities claim that they have been outclassed by previous athletic experience of the Military Academy teams, it is due to their opposition to my bill proposing to amend the law as above stated.

But, personally, I think that whatever intercollegiate rules prevail as between such standard privately owned institutions as Harvard, Princeton, and Yale should be good enough for both the Government service schools, and if they are going to engage in athletic games our Government schools should conform to the rules prescribed by civilian patrons of the sports.

But, coming back to these boys and girls of the 4-H Clubs, I welcome them to their Nation's Capital and to the galleries of the hall of the House of Representatives in their Nation's Capitol, and I believe that they carry with them back to their homes the good wishes and the Godspeed of all the Members of the House. We congratulate them upon their success as winners, and we congratulate the boys and girls back home who entered the contest and failed to win it. Though they failed to win the first prize of a nice trip, they are, nevertheless, winners in the knowledge that they have received

in the contest and the zeal that they have displayed and developed. I congratulate their leaders and instructors; I congratulate the several departments of agriculture in the States and the State agricultural colleges and the United States Department of Agriculture. I hope this great movement of club work among our young people on the farms will spread and that a genuine and intelligent love for agriculture will become universal among the young people reared on the farm. Though the farmers under existing conditions are in a state of depression, I can not believe that the people of this Nation will forever tolerate the adverse economical conditions that are encouraged by partial laws. On the contrary, I believe that the majority of our people, both in the country and in the city, will come to realize that the people on the farms must have a higher reward for the labor that they perform, and that harmful legislation will be repealed and that favorable legislation will be enacted.

I want to see the boys and girls in all the clubs conducted by the various extension services of the Department of Agriculture have a pride in their work and hold up their heads both literally and metaphorically, as persons of prime importance in our civilization. I hope that when the winners in the 4-H clubs come to Washington next year, if Congress be then in session, that they will form on the central front steps of the Capitol and that all Members of both the House and Senate that desire to congratulate them may go in person and shake hands with them, and that some enterprising photographer will make a photograph of this group with the great Capitol and its dome in the background, thus symbolizing how these young people are representative of the strength and glory of the Nation.

Mr. WASON. I yield five minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, George Washington is the most revered character in American history. [Applause.] The Nation undoubtedly owes more to him than to any other of its citizens. He typifies strength, courage, patriotism, and sound judgment. The Nation has very properly decided to commemorate the two hundredth anniversary of his birth. That celebration should be in keeping with the man it seeks to honor. It should be dignified. It should take account of the great historical events in which Washington participated, and it should seek to bring home in an elevating way to the people of this country the great character they are seeking to commemorate.

My attention has been called to some of the methods of advertising for this event which are being indulged in. The tire covers which have been sent around to Members of Congress with the idea of advertising the bicentennial are of the type of advertising which would shame a 1-ring circus and not at all the type that one likes to think of in connection with the George Washington Bicentennial.

I hope that the committee in charge will so limit its expenditures in the future as to permit value to come to the people of America from this celebration and avoid allowing it to degenerate into buffoonery. This should be a solemn ceremony and not a hippodrome. [Applause.]

Mr. LaGUARDIA. Mr. Chairman, the gentleman has not yet identified his exhibit.

Mr. TABER. That is the tire cover.

Mr. O'CONNOR of Oklahoma. Whose picture is that on the cover supposed to be?

Mr. TABER. I do not know. It may be supposed to be that of George Washington. It is awful, whoever it is.

Mr. MICHENER. Where did the gentleman get it?

Mr. TABER. It was sent to me by the committee.

Mr. MICHENER. What committee?

Mr. TABER. The committee that has charge of this centennial exposition.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. BLOOM. I was downstairs and heard that the gentleman was talking about the tire cover. I do not know what the gentleman said about it, but from the last answer to the question of the gentleman from Michigan, I conclude that the gentleman says that this has been issued by the Bicentennial Commission.

Mr. TABER. That is what I understood.

Mr. BLOOM. Does the gentleman want to get it right for the Record? It was not issued by the Centennial Commission, but it is issued by a firm out West, who made the tire covers and asked the commission if it could use some of them. The commission sent out letters to the Members of the House, and I guess we have received requests from about 50 per cent of all of the Members asking for a tire cover. One Member on the floor to-day asked if he could have a dozen of these tire covers, so as to take them home through his State and advertise the bicentennial. I would like to have the gentleman

ask me any question as to these tire covers, the Bicentennial Commission, or what the Bicentennial Commission is doing, to which the gentleman objects.

Mr. TABER. I do not think from the gentleman's statement, there is any question but that the commission is responsible for the issuance of these tire covers to the Members of Congress. I do not think that tire cover is a desirable type of advertising. I do not think it tends to lend dignity to the occasion, nor do I think it is the proper way to advertise the George Washington Bicentennial Celebration.

Mr. BLOOM. How are we going to stop anyone from issuing a tire cover like that?

Mr. TABER. The commission can not, but the commission can get along without putting the stamp of its approval upon such a thing.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BLOOM. I ask the gentleman to yield the gentleman from New York three minutes more.

Mr. WASON. I yield two minutes more to the gentleman from New York.

Mr. BLOOM. If the gentleman is correct in his thought with reference to these tire covers, and the majority of the Members of the Congress think that well of it, and want them, and want to know where they can buy them, and the commission sends out letters saying that we can get them for them, why should the gentleman blame the commission or say anything against what we are doing? The Members of Congress want to have the tire covers.

Mr. TABER. The gentlemen of the House who requested the tire covers of the firm or the commission did not know what the tire cover was or what it would look like. The commission did.

Mr. BLOOM. We have them in our office and we show them to the Members. They are paraded through the streets. The local commission and every other commission that this has been sent to, every local commission, thinks it is a great idea. Does the gentleman believe that the Federal commission can take their ideas or objections from one or all of the Members and run this bicentennial celebration according to the ideas of the different Members?

Mr. TABER. I decline to yield further because I have not time to answer the question. I shall answer the question as far as the gentleman has gone. I do think that the commission can proceed with the promotion of a scheme for this kind of a centennial without permitting such things as this.

Mr. LAGUARDIA. Will the gentleman from New York inquire of his colleague from New York if this western firm is selling these tire covers or giving them away, and if they add any other advertisement of their own to the tire cover.

Mr. TABER. I am not talking about the concern out west. I don't care anything about them.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield three minutes to the gentleman from New York [Mr. BLOOM].

The CHAIRMAN. The gentleman from New York is recognized for three minutes.

Mr. BLOOM. Mr. Chairman and members of the committee, I am really obligated to the gentleman from New York [Mr. TABER] for bringing up this question of the tire covers, and I would be very thankful to any Member of Congress if he would at any time ask me any questions as to what the George Washington Bicentennial Commission or the associate directors are doing. We might make mistakes, but we are advertising in every possible way and through all our radio broadcasting speeches that we are welcoming suggestions from any part of the United States as to what manner and how the celebration can be conducted in a fitting manner.

These tire covers were brought to the attention of the associate directors when we were first appointed. I said to a gentleman who inquired of me about the matter that we had no authority to do anything with reference to these tire covers, but I thought it would be a good idea. We wrote to each Member and the replies came in. I think 60 per cent of the Members have asked for them.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. BLOOM. Yes.

Mr. DOWELL. Some of them have made requests, I understand. They assumed, no doubt, that it would be something to help the anniversary—a part of the program of the commission?

Mr. BLOOM. That is true.

Mr. DOWELL. But can the gentleman assume from the fact that the commission has sent out to the Members something which some of them have made requests for, that they approve of them? They have assumed, no doubt, that if this has been programmed by the gentleman's commission it is something for the purpose of helping the anniversary?

Mr. BLOOM. Yes. I thank the gentleman for his statement.

Mr. DOWELL. But is it true that the gentleman can assume from that that the membership has approved such a program?

Mr. BLOOM. Not one Member has sent a letter containing one word of disapproval, either to Colonel Grant or to myself, concerning the tire covers. We are trying to do the best we can, and if any Member of this House or person throughout the United States finds something wrong or has any objection to what we are doing, why does not he write to us? No one has written a letter disapproving this thing, because as soon as I would have received a letter where some one who said, "I do not think this is a dignified way of conducting the celebration," I might have stopped it.

Answering the gentleman from New York [Mr. TABER], I will say that these tire covers are made by a firm in Cleveland, Ohio. We have nothing to do with those tire covers. They would have gotten them out if we had not accepted or if you gentlemen had not asked us for any.

Mr. SIMMONS. Mr. Chairman, will the gentleman yield?

Mr. BLOOM. Yes.

Mr. SIMMONS. Has the commission any jurisdiction over the letters sent out?

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TAYLOR of Colorado. I yield to the gentleman two minutes more.

Mr. BLOOM. Did the gentleman from Nebraska ask why we did send out letters?

Mr. SIMMONS. Was not this something that the members of the commission knew nothing about?

Mr. BLOOM. I will answer that. We sent out letters because we thought it would be a good thing. This is the first time I have heard of its not being dignified. We sent the letters out, and when the Members suggested one or two or three of these tire covers—

Mr. SIMMONS. Has the commission approved those suggestions?

Mr. BLOOM. I think this is a dignified thing.

Mr. SIMMONS. Was the expense incident to writing these letters to the Members borne by the commission?

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. BLOOM. Mr. Chairman, may I have one more minute?

Mr. WASON. I yield to the gentleman one minute more.

Mr. BLOOM. Mr. Chairman, I would like to make a statement here. I would like to have sufficient time to answer these questions, so as to clear up this matter right here and now with reference to the advertising.

Mr. SNELL. That is out of order.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. BLOOM. Yes.

Mr. CULKIN. I would ask the gentleman from New York whether it is not a fact that the popular conception of George Washington is the Stuart portrait, or the Houdon mask or statue, and is not this likeness on the tire cover rather in the nature of a caricature?

Mr. BLOOM. No. This is taken from the unfinished picture by Stuart, the one that you are speaking of.

Mr. CULKIN. It certainly is not finished on the tire cover.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. COLLINS].

The CHAIRMAN. The gentleman from Mississippi is recognized for 10 minutes.

Mr. COLLINS. Mr. Chairman and members of the committee, my attention was called some time ago to the specifications for furniture to equip officers' and noncommissioned officers' quarters for the Army. Immediately after looking over these specifications, which largely excluded native American woods, I took up the matter with the War Department and asked the reason why they were declining to use American woods and were using almost entirely African and Honduras mahogany.

I received from the War Department a letter which gave me very little information, which is as follows:

MAY 27, 1930.

Hon. ROSS A. COLLINS,

House of Representatives, Washington, D. C.

DEAR MR. COLLINS: Referring to your telephonic inquiry of May 12, 1930, regarding the advertisement for 5,000 mahogany desks, it is found upon investigation that the Quartermaster General has recently advertised for bids on furniture for officers' and noncommissioned officers' quarters, of standard War Department design and specification, which include approximately 500 desks.

The specifications for some items of furniture call for mahogany tops with veneered fronts and sides. Upon inquiry, it is found that it is not

usual commercial practice to make desks of solid gumwood but to use that wood on the less exposed parts and mahogany or other similar wood for the tops. It is estimated that the cost of a desk made according to War Department specifications of gumwood or mahogany would be practically the same. The latter wood, however, from Army experience, is the more desirable.

Specifications for much of the furniture to be purchased require the use of native woods throughout. It is estimated that 70 per cent of the wood used in the manufacture of the furniture now on order will be native.

Sincerely yours,

PATRICK J. HURLEY, *Secretary of War.*

A reading of the specifications will show that African and Honduras mahogany is used almost entirely.

House bill 7955, covering appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1931, provides for "the purchase and repair of furniture for quarters for officers, warrant officers, and noncommissioned officers" under the item "Barracks and quarters and other buildings and utilities," shown on pages 25, 26, and 27.

In the bill for 1931 \$326,400 for the purchase and repair of such furniture is provided. During the 1929 fiscal year \$328,862 was expended, and during the 1930 fiscal year \$326,400 was expended for such furniture.

SPECIFICATION ITEMS DETAILED

The general specification covering the wood to be used states:

(1) All mahogany shall be what is known as African mahogany (Khaya Spp.) "firsts," and where used in parts subject to strain will be straight grain, free from all defects. All chair legs, and arm posts and parts, especially subject to strain shall be made of straight-grain Honduras hard mahogany (*Sicetnia macrophylla*) or straight-grain Cuban mahogany.

(2) All birch shall be what is known as red birch "firsts."

(3) All maple shall be what is known as hard white maple "firsts," free from all defects.

Following are outlined the specifications for the materials to be used in the exposed and visible portions of the various items of furniture which were purchased by the War Department during the present year:

FOR OFFICERS' QUARTERS

Side chair: Material to be African and Honduras mahogany.

Side chair, tropical: Same as above.

Armchair: Same as side chair.

Armchair, tropical: Same as above.

Chiffonier: Material to be African mahogany. Drawer fronts faced with crotch mahogany. Tops to be solid and panels to be 5-ply, not less than three-fourths inch thick, with fancy straight-grain mahogany housed onto legs and secured to division frames and legs. Drawer sides and backs to be made of African mahogany and cut from five-eighths-inch stock. Drawer bottoms to be 3-ply, one-fourth inch thick, with face veneer of mahogany. Drawer fronts to be 5-ply, three-fourths-inch veneer on poplar cores, cross-banded with mahogany veneer, and faced on front with crotch mahogany and on inside with plain mahogany.

Chiffonier, tropical: Same as above, except drawer fronts and end panels will be solid.

Bureau: Material and construction be same as specifications for chiffonier and in all respects to strictly match chiffonier.

Bureau, tropical: Same as above, except drawer fronts and end panels will be solid.

Mirror for bureau: Frames to be solid African mahogany. The band-sawn ornamental top and bottom to be plywood five-sixteenths inch thick, faced with crotch mahogany on both sides.

Mirror for bureau, tropical: Same as above, except ornamental top and bottom will be solid.

Dressing table: Material, African and Honduras mahogany. Outside back of case to be 5-ply veneer, three-fourths inch thick, faced with straight-grain mahogany, both sides. Panels in knee space to be 5-ply veneer, three-fourths inch thick, faced with mahogany on exposed side.

Dressing table, tropical: Same as above, except drawer fronts and panels and back of case will be solid.

Mirror for dressing table: Material for frames, African mahogany. Bottom rails 5-ply veneer faced with crotch mahogany. Top rails straight-grain mahogany with two crotch mahogany overlays and molding.

Mirror for dressing table, tropical: Same as above, except bottom rail to be solid and overlay omitted from top rail.

Dressing table bench: Material to be African and Honduras mahogany. Top to be solid. Rails to be 2½ inches wide bandsawn and three-eighths inch thick crotch veneer face.

Dressing table bench, tropical: Same as above, except rails will be solid straight-grain mahogany.

Desk: Material to be African mahogany. Solid top 1¼ inches thick, banded four sides. Drawer fronts 5-ply and faced with crotch mahogany.

Desk, tropical: Same as above, except drawer fronts and panels solid.

Side table: Material to be African mahogany with crotch mahogany on four aprons. Corner posts of straight-grain mahogany.

Side table, tropical: Same as above, except top and aprons will be solid straight grain.

Dining table: Material to be African mahogany. Solid top to be straight-grain mahogany, 1 inch thick, 4 feet 6 inches long by 3 feet 8 inches wide when closed; to extend to 10 feet long, height 30 inches. To have six 11-inch solid leaves. Crotch mahogany aprons with straight-grain corner posts. To have center pedestal of straight-grain mahogany, the edges of which are chamfered.

Dining table, tropical: Same as above, except apron will be solid straight-grain mahogany.

Sideboard: Material to be African mahogany. Solid top 1½ inches thick and end panels 5-ply veneer three-quarters inch thick to be straight-grain mahogany. To have crotch mahogany drawer front and center panel of doors. Drawer sides and backs made of African mahogany. Bottom to be 3-ply one-quarter inch maple veneer.

Sideboard, tropical: Same as above, except drawer and cupboard fronts and panels will be solid straight-grain mahogany.

Kitchen table: Material to be hard maple or birch. Top to be of solid hard maple made from 1-inch stock.

FOR NONCOMMISSIONED OFFICERS' QUARTERS

Bureau with mirror: Material to be birch. End panels to be 3-ply birch veneer. Mirror to be of birch.

Chiffonier: Material and construction to be the same as specified for bureau.

Side chair: Material to be birch.

Side chair, tropical: Same as above.

Armchair: Same as side chair, except size of posts.

Armchair, tropical: Same as above.

Table: Material to be birch. Top to be solid 1-inch thick.

It is understood that this furniture purchase constitutes the largest single order placed by any organization, public or private, during the present year. Of the furniture described above, approximately 90 per cent is purchased for officers' quarters in which African or Honduras mahogany is specified for all exposed parts, drawer sides, and the faces of drawer bottoms and backs.

Inquiries as to the reasons for specifying foreign woods for this furniture, with little or no consideration given to domestic furniture woods, developed the following explanation: Over 20 years ago, in 1908 or 1909, the War Department purchased a large quantity of mahogany furniture for officers' quarters at the various military posts. Up until recently little additional furniture has been purchased. During the last—1929—fiscal year \$328,862 was expended, and during the present—1930—fiscal year \$326,400 was expended for new furniture and for furniture to replace original furniture which, after 20 years of service, had been broken or otherwise damaged and rendered unfit for use. In order to match the original pieces the War Department has specified African and Honduras mahogany.

The exclusion of domestic furniture wood from consideration for use in this furniture represents the loss of a market for a very considerable quantity of native or domestic lumber which could and should be used.

DOMESTIC FURNITURE WOODS—THEIR PRODUCTION AND CONSUMPTION

If we did not have in the United States domestic woods which are used successfully and are as suitable as the foreign woods which are specified, there might be some logical reason for disregarding almost entirely our native woods. When, however, as is actually the case, we have in the United States a number of furniture woods which, from the standpoint of appearance, finish, quality, strength, durability, and design, are as suitable or superior to African mahogany, the question immediately arises as to why these native woods are not being given their due consideration. Among these native woods are birch, gum, maple, oak, and black walnut.

The following tabulation shows the production of these several woods by States during 1927, the figures being taken from the publication of the Bureau of the Census entitled "Census of Manufactures, 1927—The Principal Lumber Industries":

Birch		Feet board measure
State:		
Wisconsin	-----	164,218,000
Michigan	-----	73,759,000
Maine	-----	23,721,000
New York	-----	18,376,000
Vermont	-----	12,802,000
New Hampshire	-----	9,238,000
West Virginia	-----	7,007,000
Pennsylvania	-----	3,910,000
Tennessee	-----	3,237,000
North Carolina	-----	3,061,000
Other States	-----	7,459,000
Total	-----	326,788,000

State:	Gum	Feet board measure
Louisiana	262,027,000	
Mississippi	196,561,000	
Arkansas	153,179,000	
Alabama	99,343,000	
Texas	96,383,000	
South Carolina	77,584,000	
Tennessee	71,348,000	
Georgia	57,815,000	
North Carolina	27,343,000	
Virginia	21,102,000	
Other States	38,427,000	
Total	1,101,112,000	

State:	Maple	Feet board measure
Michigan	288,851,000	
Wisconsin	197,979,000	
West Virginia	56,215,000	
Pennsylvania	32,495,000	
New York	29,701,000	
Indiana	25,263,000	
Ohio	24,342,000	
Tennessee	17,808,000	
Vermont	17,535,000	
Arkansas	16,549,000	
Other States	67,262,000	
Total	744,000,000	

State:	Oak	Feet board measure
Arkansas	255,861,000	
Tennessee	248,990,000	
Louisiana	218,794,000	
West Virginia	179,138,000	
Mississippi	147,942,000	
Virginia	113,325,000	
Kentucky	109,189,000	
Alabama	103,788,000	
Missouri	98,504,000	
Texas	91,539,000	
Pennsylvania	87,235,000	
North Carolina	85,800,000	
Indiana	54,844,000	
Ohio	51,651,000	
Georgia	41,337,000	
Other States	125,116,000	
Total	2,013,053,000	

State:	Walnut	Feet board measure
Iowa	13,857,000	
Kansas	13,144,000	
Ohio	11,470,000	
Indiana	11,451,000	
Missouri	6,137,000	
Illinois	4,199,000	
Kentucky	4,823,000	
Other States	65,000,000	

Below is shown the consumption of these woods for furniture during 1928, as determined by a survey recently made by the Forest Service of the United States Department of Agriculture:

Wood:	Feet board measure
Birch	95,900,000
Gum	408,385,000
Maple	74,533,000
Oak	95,503,000
Black walnut	47,915,000
Mahogany (Mexican, Honduras, Cuban, etc.)	37,441,000
African mahogany	989,000

These native woods have excellent strength properties and when finished naturally or stained to any desired shade are most attractive in appearance.

Birch is particularly adaptable to staining and is extensively treated with stains to resemble mahogany. When properly stained and finished it is difficult to distinguish between it and the genuine mahogany. In fact, in all except the highest-priced furniture the so-called mahogany furniture is generally made up of birch, with mahogany being used for exposed veneered faces.

Colonial furniture of maple and birch is known to everyone, and these woods are being manufactured extensively to-day in designs based upon those developed at that time.

Gum is a wood which has come into prominence in the last 20 years. This is illustrated by the increase in consumption for furniture from slightly over 100,000,000 feet annually during the period 1909-1913 to 408,385,000 board feet in 1928. This wood is used extensively in combination with walnut, and because of its uniformity of grain and excellent finishing qualities can be finished to blend harmoniously with mahogany, particularly of the so-called brown-finished types.

It is unnecessary to dwell on the merits and value of oak as a furniture wood. Oak has been our most valuable hardwood, has been used for furniture throughout the history of the United States, and is to-day used in large quantities. It is an exceedingly strong wood, and because of its attractive grain and figure has always been highly valued as a cabinet wood.

American black walnut is recognized as an excellent cabinet wood. It has been used for centuries. It was used during the period of the Italian Renaissance, during the Tudor period, during the reign of William and Mary, which began what has been termed "the age of walnut," during the Queen Anne period, and on down through history to the present time.

EFFECT ON DOMESTIC LUMBER INDUSTRY

It is an established fact that the hardwood lumber industry in the United States is in a depressed state. Many mills are closed down. Those running are operating on a reduced production basis. Many employees are accordingly out of work or have had their earnings reduced, with resultant loss to their communities. Notwithstanding, here is a case in which a Government department, supported by appropriations of public funds, is purchasing a product in which it requires the use of foreign raw material, with loss to a domestic industry and its employees. The policy of the office of the Quartermaster General of the War Department in calling for foreign woods at the expense of domestic woods is contrary to a fundamental principle recognized by other Government departments and generally throughout the country.

Another consideration, which is by no means unimportant, is the influence of governmental practice on commercial practice in industry. It is reasonable to expect that manufacturers of furniture and purchasers will, to an extent, be influenced by the practices of such an organization as the War Department. This is true in other branches of industry. For example, Federal specifications are becoming more and more recognized and used as guides in commercial practice.

Likewise, in architecture, where the United States Government has under way a large building program, and which to a considerable extent is devoted to public buildings of a monumental type, it is entirely possible that the practice of the War Department in specifying and purchasing mahogany furniture will have a further influence by giving the impression to the public that mahogany is the most serviceable of woods for furniture use.

In view of these and other economic factors, as well as the avowed policy of the United States Government to promote the legitimate development of domestic industry, it is urged that in this instance native woods at least be given an opportunity to figure on all Government purchases and not be refused consideration, when as a matter of fact many of our native woods have greater strength and will stand more abuse than the foreign woods being purchased, and in the face of well-recognized merit, distinguished-service record, and economies of manufacture which have made them the accepted and recognized standard of quality throughout the Nation.

Mr. SIMMONS. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. SIMMONS. Is the gentleman reading the specifications for furniture for the Washington schools?

Mr. COLLINS. No. I realize, however, why mahogany is preferred. It is regarded as a more "spiffy" furniture. More costly and more stylish.

Mr. SIMMONS. I did not understand it. I thought if that is what the gentleman is reading I would pay a little more detailed attention to it.

Mr. COLLINS. I want the gentleman to hear me, but this time the furniture is largely for officers' quarters in the Army, and Uncle Sam is paying the bill.

Mr. BLANTON. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. BLANTON. The gentleman will remember that in the Sixty-seventh Congress I made a fight against the Navy doing this identical thing, buying all mahogany chiffoiniers, chiffoettes, chifferobes, chiffo this, and chiffo that, every bit of it solid mahogany for naval officers. This was as far back as the Sixty-seventh Congress that the Navy started this whole thing, and I then blocked them from getting the money.

Mr. COLLINS. I remember the excellent fight the gentleman then made.

Mr. McCLINTIC of Oklahoma. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. McCLINTIC of Oklahoma. Recently I addressed a communication to the Navy Department for the purpose of finding out if inventories had ever been taken of such furnishings given to officers after they were placed in their homes, for the purpose of finding out if there were any subtractions. The information came back that they could not give me the amount in dollars and cents of the furniture that is now allotted and assigned for officers' quarters. The reason I am calling the attention of the House to this is that there should be some method of taking inventories, in order that we may know whether or not this

furniture is looked after in the proper way after it is purchased for the Army or the Navy.

Mr. COLLINS. I thank the gentleman for his suggestion. I have here maps showing the States where gum and birch and other suitable furniture woods are grown. Every one of these woods can be stained just the same as mahogany is stained, and there is not a man in this House who can look at a piece of furniture made of those woods and tell the difference between those woods and mahogany.

I have here samples of all the native woods. They look identically like mahogany.

We know that the lumber industry is in a depressed condition. The industry should be encouraged by the Government and we should stop this injury that is being done it. Gum is grown in a great many of the Southern States, birch elsewhere, and the whole country is full of excellent furniture woods.

There is no reason why the Army should not use native American woods. [Applause.]

Before this bill is passed shall offer an amendment requiring the War Department to use, in the purchase of furniture, native American woods rather than African and Honduras mahogany.

It is the stain that gives it the fine appearance which it has. Mahogany is a light wood.

CONSTRUCTION SERVICE—OFFICE OF THE QUARTERMASTER GENERAL—
SPECIFICATIONS FOR FURNITURE TO EQUIP OFFICERS' QUARTERS AND
NONCOMMISSIONED OFFICERS' QUARTERS

1. General conditions: (a) These specifications cover the furnishing of all labor and material for a high-grade, durable furniture for officers' and noncommissioned officers' quarters, shown on accompanying drawings and listed on attached bidding sheets.

(b) Dimensions of all parts to be in accordance with the figured dimensions given on blueprints.

(c) All dowels to be three-eighths-inch or five-eighths-inch hard maple dowels and to be driven through a corrugated plate to give good hold for glue. All stock and dowels to be warmed before being put together, and the ends of all dowels as well as dowel holes, mortises, tenons, and all points are to be thoroughly glued.

(d) In order to be strong and durable, furniture shall be securely framed and braced throughout, and mortised and tenoned, or doweled, in the most skilled and workmanlike manner. Parts subject to stress shall be strengthened with glue blocks and screws.

(e) Veneering: All 5-ply veneering where specified for tops shall be constructed of the thickness specified or shown on drawing. To be built on a core of poplar, or sound wormy chestnut laid in strips not over 4 inches wide, with alternating layers of veneer laid with the grain in the opposite direction. All cross banding shall be of birch or poplar, except under crotch mahogany, which cross banding shall be of mahogany. All tops to be bound with an edging strip of solid mahogany not less than 1½ inches wide. Edges shall be slightly rounded. All face veneers shall be carefully matched for figure.

(f) Crotch mahogany shall be carefully selected to obtain a finished effect midway between what is known as "moonshine" and "feather-edge" and shall be equal in figure, character, and all respects to the sample in the Quartermaster General's office.

(g) Solid tops: Where solid tops are called for, they shall be of the thickness specified, made of carefully selected lumber and matched for figure. Texture and grain of tops shall be built up of strips not over 7 inches and shall be handjointed to secure a perfect joint and the highest grade of "hide" joint glue used—all edges slightly rounded. After tops are glued up they shall be laid on strips for a period of not less than three weeks before being assembled or finished.

(h) Container specifications: All furniture shall be securely packed for shipment.

1. All lumber used shall be sound, free from decay or dote, well manufactured and well seasoned, free from loose knots or knot holes, and/or sound knots that are greater than one-fourth the width of the board, nor shall any knot be permitted which will interfere with proper nailing. Lumber to be dressed two sides.

2. Crate frames, or crate members, and crate braces, hereinafter mentioned, shall be constructed of any of the following woods, viz:

Group No. 1. Cedar, chestnut, cottonwood, cypress, spruce, western yellow pine, white fir, white pine, willow, yellow poplar; or,

Group No. 2. Ash, beech, birch, douglas fir, elm, hemlock, larch, maple, oak, red gum, southern yellow pine, sycamore, tupelo, Virginia or Canadian pine.

3. For crate sheathing any of the woods named in either groups Nos. 1 or 2 may be used.

4. Nails: In the construction of crates, cement-coated nails shall be used exclusively. Length of nails shall exceed twice the thickness of the lumber holding the nail head. Not less than two nails shall be used in joining one crate member to another. A sufficient number of nails shall be used to insure the rigidity of each crate and crate member. In order to minimize splitting, nails shall be staggered.

5. Construction of crates: All crates shall be made of "locked-corner" or "three-way-corner" construction, as approved by the con-

solidated freight classification committee. Each face, excepting those having an area of less than 10 per cent of the total area of the crate, shall be provided with a wooden diagonal brace.

6. Crates for benches, combination tables, chiffoniers, bureaus, library desks, parlor and gateleg tables, sideboards, dressing tables, and dining-table bases or pedestals shall be so constructed that the articles named shall be securely held within the crate by braces or supports. Each article shall be so suspended in a crate that the legs or other breakable parts shall not come in contact with the crate bottom. Crate members and bracing of above-named articles shall be made of material not less than ¾ inch by 3 inches. Sheathing shall be not less than ½ inch to ⅝ inch by 3 inches. Spaces between sheathing or braces shall not exceed 6 inches. Nails, not less than 8d, shall be used. Nails joining sheathing or bracing to crate members shall be staggered to avoid splitting. Each face shall have diagonal brace as provided in paragraph No. 5 herein. Finished surfaces shall be protected from contact with crates by pads or padding; articles having finished flat tops shall have tops completely covered by lumber of dimension shown above for sheathing.

7. Dining tables, officers' quarters, shall be crated, crate frames and braces to be of not less than three-fourth inch material of woods in group No. 2. Tables shall be securely braced and suspended within the crate, so that pedestal or base shall not come in contact with bottom of crate. Finished top of table shall be completely covered with sheathing lumber not less than three-eighth inch thickness. Sheathing for ends, sides, and bottom of crate shall be not less than one-half inch to three-fourths inch. Spaces between sheathing shall not exceed 6 inches. Each face of crate shall be provided with a diagonal brace of ¾-inch by 4-inch material. Entire table shall be covered before crating with heavy Kraft paper, the finished top covered with one additional layer of the same paper. Excelsior pads shall be used to protect finished top and all other parts of the table. Each crate shall be conspicuously marked on the top, "This Side Up," to insure proper handling and stowage.

8. Side chairs shall be packed two in a crate, securely braced within the crate. Arm chairs shall be packed two in a crate, braced. Crate members and bracing shall be constructed of material ¾ inch by 3 inches, while sheathing shall be not less than ⅝ inch by 3 inches in dimension. Spaces between sheathing or braces of chair crates shall not exceed 6 inches.

9. All articles shall, before being placed in crates or boxes, be covered with two thicknesses of heavy felt, sulphite rag, or rope stock paper. Tops, legs, and other parts shall be protected by excelsior pads. Pads shall also be used to protect articles from coming in contact with the ends, sides, tops, or bottoms of crates, to prevent damage from marring, scratching, and breaking.

10. All crates or boxes containing furniture designated for overseas shipment on United States Army transports, shall, in addition to the above crate and box specifications, be reinforced with flat band or twisted-wire strapping. One strap shall be placed on each end of crates and boxes, stretched and nailed.

(i) The articles may be inspected at the factory by a representative of the Government at any time during process of manufacture; the purpose of this factory inspection being to determine compliance with the terms of this specification as to workmanship, materials, details of construction, hardware, and finish. The approval of articles before shipment shall not preclude rejection at any time prior to the acceptance of articles for noncompliance with contract requirements.

(j) Shipments shall be marked as specified under United States Army Specification No. 100-2, in so far as applicable. All furniture will be accepted f. o. b. factory for shipment on Government bill of lading.

2. Materials. (a) Wood: All wood to be thoroughly seasoned, selected, kiln dried, so as to contain not over 5 per cent moisture content and be uniform throughout the piece, free from knots, shakes, sap, discoloration and checks, and planed, scraped, and sandpapered to a true smooth surface. Lumber shall be graded in accordance with latest grading rules of the National Hardwood Lumber Association.

(1) All mahogany shall be what is known as "African" mahogany (Khaya Spp.) "Firsts" and where used in parts subject to strain will be straight grain free from all defects. All chair legs and arm posts and parts especially subject to strain shall be made of straight grain Honduras hard mahogany (Swietenia Macrophylla) or straight grain Cuban mahogany.

(2) All birch shall be what is known as red birch "Firsts."

(3) All maple shall be what is known as hard white maple, "Firsts," free from all defects.

(b) Hardware: All hardware shall be brass, antique brass finish and design similar and equal to that manufactured by the Keeler Brass Co. of Grand Rapids, Mich. The type numbers listed below refer to hardware manufactured by the Keeler Brass Co.

Dining table (see drawing No. 692-134): Steel fastener, lever type, of approved design.

Chiffonier (see drawing No. 692-137): Ring pulls, Type F 636; back plate Type F 635-2¼ inch.

Chiffonier (see drawing No. 692-143): Ring pulls, Type F 636; back plate, Type F 635-2¼ inches.

Dressing table (see drawing No. 692-138): Ring pulls, center drawer, Type F 693; back plate, Type F 692.

Ring pulls, other drawers, Type F 636; back plate, Type F 635.

Mirror (see drawing No. 692-138A): Brass rings for hanging, of approved design.

Bureau (see drawing No. 692-136): Ring pulls, Type F 636; back plate, Type F 635—2¼ inches.

Mirror (see drawing No. 692-136A): Brass rings for hanging, of approved design.

Bureau with mirror (see drawing No. 692-142): Ring pulls, Type F 636; back plate, Type F 635—2¼ inches.

Mirror: Brass rings for hanging, of approved design.

Side table (see drawing No. 692-131): Brass toe with glider cast integral with toe, similar to sample in office of the Quartermaster General.

Desk (see drawing No. 692-130): Pull type, H-446—2½-inch boring.

Center drawer, pin tumbler paracentric key lock with 2 keys. (No locking device on other drawers.)

Sideboard (see drawing No. 692-135): Type 2564, pull, 1½-inch diameter for drawers.

Type 2564, pull, 1 inch for side compartments.

Bullet catch of approved design for side compartments.

Cabinet lock with strike plate and escutcheon of approved design for side compartments.

Kitchen table (see drawing No. 692-144): Brass pull, 1-inch diameter, of approved design and finish.

Glders: All furniture, unless otherwise specified, shall be equipped with steel metal gliders of approved design.

(c) Leather: Color to be selected, of top-grain steer hide, as manufactured by Eagle Ottawa Co., of Grand Haven, Mich., or Lackawanna Leather Co., of Hackettstown, N. J., and equal to sample in office of the Quartermaster General.

(d) Mirrors: Mirror reflecting medium shall be nitrate of silver with a long-life protective coating resistant to moist atmosphere on commercial mirror plate.

(e) Glue: Glue to be best-quality gelatin cabinet glue, and shall not be used after reheating has affected its strength.

For use in tropical construction, best grade of waterproof glue will be used.

3. Finish: All furniture (except kitchen table) included in this specification, regardless of wood employed, shall be stained mahogany and completed as a satin finish. Finish and color shall correspond with sample in the office of the Quartermaster General. All surfaces shall be finished in one tone of color and not shaded or high lighted. All materials for finish will be made or approved by one manufacturer and applied in accordance with specifications of manufacturer. The finish of the furniture shall be such that it will not mar easily or when scratched show white. It shall be tough and elastic. It shall not soften due to heat or moisture. It shall be resistant to methyl and ethyl alcohol. It shall be sufficiently heat resisting to show no ill effects from a flat-bottom glass beaker filled with boiling water for one minute.

Stain: All exposed surfaces and backs of cases and mirrors will be treated with one coat of transparent water stain, this stain to be mixed in hot water and applied to piece when cold. The piece will be lightly sanded after staining. Tops of all pieces will be well matched, so that there will be no marked line of different shade. Where two kinds of wood are used in one article, the resulting colors will be matched.

Filler: A silo paste filler mixed in turpentine, then colored to correspond to shade of water stain, will be rubbed across grain until pores are filled and surfaces clean. This will be followed by a light sanding and removal of dust.

Lacquer: Three coats of best-grade lacquer will be applied, with 24 hours allowed for drying after each coat.

Officers' furniture: The three coats of lacquer will be equal to Du Pont's No. 1608 or Sheratone Colloidal Quartz. The polishing coat will be rubbed in with crude oil or paraffin base and FFF pumice to a smooth, transparent, semigloss surface.

Noncommissioned officers' furniture: The first two coats of lacquer will be equal to Du Pont's No. 1608 or Sheratone Colloidal Quartz. The third coat to be such as to give a satin finish without rubbing and equal to Du Pont's No. 1609.

All drawer interiors and sides will be treated with one coat of good-grade lacquer.

The kitchen table, except top, will be finished white equal to the following:

Two coats Du Pont's white pyroxylin surfacer No. 2334591, each coat thoroughly dried and sanded smooth. This followed by coats of Du Pont's 2371 white lacquer; 24 hours allowed for drying between coats.

The top will have a coat of linseed oil on both sides, so as to obtain a good penetration, in order to prevent change in moisture content.

All surfaces of furniture not otherwise sealed will be coated with two spray coats of good grade lacquer sufficient to seal the surfaces.

4. Furnish (a) with bid:

1. One representative article of standard manufacture, preferably including drawer, in order to determine class of workmanship proposed.

2. Drawings indicating details of construction proposed.

(b) After contract is awarded, in triplicate, unless otherwise specified:

1. Hardware as listed under paragraph 2-b, in duplicate.

2. Panel of wood specified, indicating color and finish proposed.

3. Leather.

4. Shop drawings.

5. Award: In making the award the details of construction proposed, including method of securing solid tops of pieces to frame, as well as class of workmanship, will be considered, all to the end of securing a furniture that will give a long life and well protected from moisture. On account of cost to United States for inspection, location of factories will be considered in making the award.

In making award of articles for Panama the freight cost to the Government will be considered to the port of export of Army transports (New York City or San Francisco).

Side chair (see drawing No. 692-132): Material to be African and Honduras mahogany. To be box-seat construction with box rails flush with front posts. Filling of seat to be long fiber white-staple cotton felted. (No linters permitted.) Seat to be covered with top-grain steer hide. Rails to finish seven-eighths inch thick by 2¼ inches. Construction of slip seat three-eighths inch, 3-ply veneer to be fastened to top of slip frame to take the place of webbing. Back posts to be 1½ inches thick, band sawed and shaped four sides. Top to be thirteen-sixteenths inch thick. Splat to be three-eighths inch thick; front legs 1½ inches square and chamfered on inside corners. Stretchers to be five-eighths inch thick by 1½ inches wide, to be joined to both front and back legs, forming a square shoulder.

Side chair, tropical (see drawing No. 692-132): Same as above, except high-grade cane seat will be substituted for veneer bottom, cotton filling, and leather seat.

Arm chair (see drawing No. 692-133): Same as side chair adding; arms to be scroll type, chamfered on the inside with carved scroll end, to be securely fastened to the standard and glued and screwed to the frame.

Arm chair, tropical (see drawing No. 692-133): Same as above, except high-grade cane seat will be substituted for veneer bottom, cotton filling, and leather seat.

Chiffonier (see drawing No. 692-137): Material to be African mahogany. Drawer fronts faced with crotch mahogany. Tops to be solid, and panels to be 5-ply not less than three-fourths inch thick with fancy straight grain mahogany housed onto legs and secured to division frames and legs. Front posts 2 inches in diameter, turned and reeded; rear posts to be 1½ inches square, turned below base of case. To have six drawers with 3-ply dust panels three-sixteenths inch thick of birch or maple between each drawer and under bottom drawer. To be full-frame construction with frames at top and bottom and between each drawers and securely fastened to legs. Drawer sides and backs to be made of African mahogany and cut from five-eighths inch stock. The mahogany for interior of drawers to be clear stock but need not be selected for figure or notched. Drawer bottoms to be 3 ply one-fourth inch thick with face veneer of mahogany. Outside backs should be 3-ply maple or birch faced veneer one-fourth inch thick, flush with posts and securely fastened in four sides. Drawer fronts to be 5-ply three-fourths inch veneer on poplar cores, crossbanded with mahogany veneer and faced on front with crotch mahogany and on inside with plain mahogany. All drawers shall have center drawer guides securely fastened to front and back cross rails. The groove rail to be securely fastened to front and back of drawer. Drawer construction to be such that it will operate easily and not stick due to expansion. Top edge of drawer fronts stained and lacquered. Size of chest over all, 4 feet high, 3 feet 6 inches long, 1 foot 7 inches deep.

Chiffonier, tropical (see drawing No. 692-137): Same as above, except drawer fronts and end panels will be solid.

Bureau (see drawing No. 692-136): Material and construction to be same as specifications for chiffonier (drawing No. 692-137) and in all respects to strictly match chiffonier. To have four drawers as shown. Size of bureau over-all 2 feet 9 inches high, 3 feet 9 inches long, 1 foot 7½ inches deep.

Bureau, tropical (see drawing No. 692-136): Same as above, except drawer fronts and end panels will be solid.

Mirror for bureau (see drawing No. 692-136-A): Frames to be solid African mahogany thirteen-sixteenths inch thick by 1¼ inches wide, beaded on inside and outside corners. The band-sawed ornamental top and bottom to be plywood five-sixteenths inch thick, faced with crotch mahogany on both sides, to be braced and secured to frame, 1 foot 4 inches by 2 feet 2 inches mirror plate, as specified, to be held into frame with one-fourth inch 3-ply veneer easily removable.

Mirror for bureau, tropical (drawing No. 692-136-A): Same as above, except ornament top and bottom will be solid.

Dressing table (see drawing No. 692-138): Material, African and Honduras mahogany. Construction to be same as specification for chiffonier (drawing No. 692-137) when applicable. Front posts to be

1½ inches in diameter, turned and reeded with turning below base of case. To have three drawers with dust panels under each drawer. Outside back of case to be 5-ply veneer three-fourths inch thick, faced with straight-grain mahogany both sides, same depth as side panels. Panels in knee space to be 5-ply veneer three-fourths inch thick, faced with mahogany on exposed side. Size over-all 2 feet 6 inches high, 3 feet 9 inches long, 1 foot 7 inches wide.

Dressing table, tropical (drawing No. 692-138): Same as above, except drawer fronts and panels and back of case will be solid.

Mirror for dressing table (see drawing No. 692-138-A): Material for frames African mahogany; side rails ½ inch thick by 1½ inches wide with reeded face; bottom rails ½ inch thick, 2 inches wide, of 5-ply veneer, faced with crotch mahogany; top rails straight-grain mahogany, with two crotch mahogany overlays and molding applied as shown; 1 foot 6 inches by 1 foot 4 inches mirror plate as specified, secured as for mirror for bureau.

Mirror for dressing table, tropical (drawing No. 692-138-A): Same as above, except bottom rail to be solid and overlay omitted from top rail.

Dressing-table bench (see drawing No. 692-138-B): Material to be African and Honduras mahogany. Top to be solid, rails to be 2½ inches wide, band sawn, and ¾ inch thick, crotch veneer face. Legs to be 1½ inches square at the top, outside corners rounded and turned and reeded below the rail. To have stretchers 1 inch wide by ¾ inch thick, securely fastened to posts. Size over-all, 1 foot 6 inches high, 1 foot 10 inches long, 1 foot 2 inches wide.

Dressing-table bench, tropical (drawing No. 692-138-B): Same as above, except rails will be solid, straight-grain mahogany.

Desk (see drawing No. 692-130): Material to be African mahogany. Solid top 1½ inches thick, banded four sides. Drawer fronts 5-ply, built as specified under chiffonier (drawing No. 692-137), and faced with crotch mahogany. Posts 1½ inches square, turned and paneled front and back as shown. Panels in knee space, end and back panels 5-ply veneer three-fourths inch thick, housed into posts, top and bottom rails. To have seven drawers, material and construction of drawers and interior of case as specified under chiffonier (drawing No. 692-137). Size over-all 2 feet 6 inches high, 4 feet 9 inches long, 2 feet 3 inches wide.

Desk, tropical (drawing No. 692-130): Same as above, except drawer fronts and panels solid.

Side table (see drawing No. 692-131): Material to be African mahogany with crotch mahogany on four aprons. Corner posts of straight-grain mahogany. Top 5-ply, built as specified under veneering, to be ¾ inch thick, 3 feet long, 1 foot 6 inches wide when closed, 3 feet square when open, and 2 feet 6 inches high. Post solid, 4½ inches square, turned and reeded. Platform of pedestal to be solid, built as specified for tops. Cross frame of maple and birch securely fastened to front and rear aprons as shown. Underneath side of frame to be closed with 3-ply maple-faced veneer three-eighths inch thick to form a compartment and stained to match piece. Folding top to pivot and steel bolt fastened to a cross frame. Legs to be reinforced with malleable iron brackets where joined to platform base.

Side table, tropical (drawing No. 692-134): Same as above, except top and apron will be solid straight grain.

Dining table (see drawing No. 692-134): Material to be African mahogany. Solid top to be straight grain mahogany, 1 inch thick, 4 feet 6 inches long by 3 feet 8 inches wide when closed, to extend to 10 feet long. Height, 30 inches. To have six 11-inch solid leaves, fitted with dowels on one side and dowel holes on the other. Crotch mahogany aprons with straight-grain corner post. To have center pedestal of straight-grain mahogany, the edges of which are chamfered. Extension slides to be of hard maple or birch, telescoping type. Steel fastener (lever type) to hold table top in place. Extension slides and steel fastener to be of approved design. Manufacturer to provide a leaf crate to hold six leaves, size of each leaf 11 feet by 3 feet 8 inches by 1 inch. Leaf crate diagonally braced and equipped with six grooves top and bottom, each groove to be lined with a brown lightweight felt glued to inside of each groove. Leaf crate made of birch to be stained one coat of mahogany-colored oil stain. Pedestal to conceal the center leg for support of the table when open.

Dining table, tropical (drawing No. 692-134): Same as above, except apron will be solid straight-grain mahogany.

Sideboard (see drawing No. 692-135): Material to be African mahogany. Solid top 1½ inches thick and end panels 5-ply veneer, three-fourths inch thick, to be straight-grain mahogany. To have crotch mahogany drawer fronts and center panel of doors. Two drawers and two cupboards. Drawers to have dust panels between, also in the bottom of case. Drawers fitted with center draw guides. Drawer sides and backs made of African mahogany and cut from five-eighths-inch stock, dovetail construction. Bottom to be 3-ply one-fourth-inch maple veneer, front and back stiles securely fastened to ends. The right-hand cupboard to be fitted with silver tray 1 foot 4 inches long outside and 3 inches deep inside, divided as shown and lined with good grade of plush. Front legs of case to be 2½ inches in diameter, turned. Back legs to be 2¼ inches square, turning below the bottom of case. Case to be 38 inches high, 61 inches long, and 21

inches deep, over all. Interior construction and back to be same as specified for chiffonier drawing No. 692-137 where applicable. Legs to be turned of one solid piece.

Sideboard, tropical (see drawing No. 692-135): Same as above except drawer and cupboard fronts and panels will be solid, straight-grain mahogany.

Kitchen table (see drawing No. 692-144): Material to be hard maple or birch. Legs 2 inches square at top, tapered from inside to 1¼ inches at bottom. To have one drawer with center guide. Aprons to be 4½ inches wide. Top to be of solid, hard maple, made from 1-inch stock. Size: 4 feet long, 2 feet 6 inches wide, 2 feet 5 inches high to top of top rail.

N. C. O. bureau with mirror (see drawing No. 692-142): Material to be birch. To have three drawers with sides and backs made from five-eighths-inch birch. End panels to be 3-ply birch veneer and housed into posts and into top and bottom rails and securely fastened to posts and division frames. Front and back posts 1½ inches square, outside corners rounded and turned as shown in drawing. Frames, dust panels, center drawer guides, and general construction otherwise to be same as chiffonier, drawing No. 629-137. Mirror for this bureau to be of birch, rails 1½ inches by thirteen-sixteenths inch, band-sawn finishing rail at top. Mirror frame mitered and doweled or mortised and tenoned together. Size of plate, 18 by 24 inches. Outside back of mirror one-fourth inch 3-ply veneer, fastened with brass screws and washers. Size over all, 2 feet 9 inches high, 3 feet long, 1 foot 8 inches deep.

N. C. O. chiffonier (see drawing No. 692-143): Material and construction to be the same as specified for bureau, drawing No. 692-142, and to exactly match this bureau. To have five drawers, as shown in drawing. Size over all, 3 feet 10 inches high, 2 feet 6 inches wide, 1 foot 7 inches deep.

N. C. O. side chair (drawing 692-146): Material to be birch. Back post, back, stretchers and back of seat frame to be bent as shown. To be box-seat construction. Filling of seat to be long fiber, white staple cotton felted. (No linters permitted.) Seat to be covered with fabricoid as manufactured by E. I. du Pont Nemours & Co., or equal. Color to be selected. Construction of slip seat ¾-inch, 3-ply veneer to be fastened to top of slip frame to take the place of webbing. Back post to be 1½ by 1½ inches. Front posts to be 1½ inches square, outside corner rounded as shown. All joints to be thoroughly secured.

N. C. O. side chair, tropical (drawing No. 692-146): Same as above, except high-grade cane seat will be substituted for veneer bottom, cotton filling, and fabricoid cover.

N. C. O. arm chair (drawing No. 692-146): Same as N. C. O. side chair, except back posts to be 1½ by 1½ inches, front posts to be 1½ inches square. Arms to be shaped as indicated.

N. C. O. arm chair, tropical (drawing No. 692-146): Same as above, except high-grade cane seat will be substituted for veneer bottom, cotton felting, and fabricoid cover.

These specifications are identified by the following signatures as being a part of contract dated _____

(Contracting Officer.)

(Contractor.)

By _____

CONSTRUCTION SERVICE—OFFICE OF THE QUARTERMASTER GENERAL—SPECIFICATIONS FOR EXTENSION GATE-LEG TABLE, DECEMBER 16, 1929

1. General conditions: (a) These specifications cover the furnishing of all labor and material for a high-grade, durable extension gate-leg table for officers' apartments at West Point, N. Y., shown on accompanying drawings and listed on attached bidding sheet.

(b) Dimensions of all parts to be in accordance with the figured dimensions given on the blue print.

(c) In order to be strong and durable furniture shall be securely framed and braced throughout in the most skilled and workmanlike manner. Parts subject to stress should be strengthened with glue blocks and screws.

(d) Container specifications: Furniture shall be securely packed for shipment.

(1) All lumber used should be sound, free from decay or dote, well manufactured and well seasoned, free from loose knots or knot holes and/or sound knots that are greater than one-fourth the width of the board, nor shall any knot be permitted which will interfere with proper nailing. Lumber to be planed two sides.

(2) Crate frames or crate members and crate braces, hereinafter mentioned, shall be constructed of any of the following wood:

Group No. 1: Cedar, chestnut, cottonwood, cypress, spruce, western yellow pine, white fir, white pine, willow, yellow poplar; or

Group No. 2: Ash, beech, birch, Douglas fir, elm, hemlock, larch, maple, oak, red gum, southern yellow pine, sycamore, tupelo, Virginia or Canadian pine.

(3) For crate sheathing, any of the woods named in grades 1 and 2 may be used.

(4) Nails: In the construction of crates, cement-coated nails shall be used exclusively. Length of nails shall exceed twice the thickness of the lumber holding the nail head. Not less than two nails shall be used in joining one crate member to another. A sufficient number of nails shall be used to insure the rigidity of each crate and member. In order to minimize splitting, nails shall be staggered.

(5) Construction of crates.—All crates shall be made of "locked corner" or "3-way corner" construction, as approved by the Consolidated Freight Classification Committee. Each face shall be provided with a wooden diagonal brace. The crates shall be so constructed that the articles shall be securely held within the crate by braces or supports. Each article shall be so suspended in a crate that the legs or other breakable parts shall not come in contact with the crate bottom. Crate members and bracing shall be made of material not less than three-fourths inch by 3 inches. Sheathing shall be not less than one-half inch by 3 inches. Spaces between sheathing or braces shall not exceed 6 inches. Nails not less than eightpenny shall be used. Finished surfaces of furniture shall be protected from contact with crates by pads or padding. The top of the crate shall be completely covered by lumber of dimensions shown above for sheathing.

(6) All articles shall, before being placed in crates, be covered with two thicknesses of heavy felt, sulphite rag, or rope stock paper. Tops, legs, and other parts shall be protected by excelsior pads. Pads shall also be used to protect articles from coming in contact with the ends, sides, tops, or bottoms of crates to prevent damage from marring, scratching, and breaking.

(e) The articles may be inspected at the factory by a representative of the Government at any time during the process of manufacture, the purpose of this factory inspection being to determine compliance with the terms of the specifications as to workmanship, materials, details of construction, and finish. The approval of articles before shipment shall not preclude rejection at any time prior to the acceptance of articles for noncompliance with contract requirements.

(f) Shipments shall be marked as specified under United States Army Specifications No. 100-2, in so far as applicable. All furniture will be accepted f. o. b. factory for shipment on Government bill of lading.

2. Materials: (a) Wood.—All wood to be thoroughly seasoned, selected kiln-dried, so as to contain not over 5 per cent moisture content, and be uniform throughout the piece, free from knots, shakes, sap, discoloration and checks, and planed, scraped, and sandpapered to a true, smooth surface. Lumber shall be graded in accordance with the latest grading rules of the National Hardwood Lumber Association. All mahogany shall be what is known as African mahogany—Khaya Spp.—"Firsts."

(b) Glue.—The best grade of waterproof glue will be used throughout.

3. Finish: Tables shall be stained, lacquered, and completed as a satin finish. Finish and color shall correspond with sample in the office of the Quartermaster General. All surfaces shall be finished in one tone of color and not shaded or high lighted. All materials for finish will be made or approved by one manufacturer and applied in accordance with specifications of the manufacturer. Finish of the furniture shall be such that it will not mar easily, or when scratched show white. It shall be tough and elastic; it shall not soften due to heat or moisture; it shall be resistant to methyl and ethyl alcohol; it shall be sufficiently heat resisting to show no ill effects from a flat-bottom glass beaker filled with boiling water for one minute.

4. Stain: All exposed surfaces to be treated with one coat of transparent water stain. This stain to be mixed in hot water and applied to the piece when cold. Piece will be lightly sanded after staining. Tops of all pieces will be well matched so that there will be no marked line of different shade.

5. Filler: A silo paste filler mixed in turpentine, then colored to correspond to shade of water stain, will be rubbed across the grain until the pores are filled and surfaces clean. After 24 hours for drying this will be followed by a light sanding and removal of dust.

6. Lacquer: Three coats of the best grade lacquer will be applied, with 24 hours allowed for drying after each coat. Three coats of lacquer will be equal to Du Pont's No. 1635 or Sheraton Colloidal Quartz. The polishing coat will be rubbed in with crude oil of paraffine base and FFF pumice to a smooth, transparent, semigloss surface. All surfaces of the furniture not otherwise sealed will be coated with two spray coats of good grade lacquer, sufficient to seal the surfaces.

7. After contract is awarded contractor will submit shop drawings in triplicate for approval of the Quartermaster General.

8. Award: In making the award the cost of inspection and cost of freight from factory to West Point, N. Y., will be considered with the price of the furniture.

9. Mahogany extension gate-leg table (drawing 692-147): Material will be African mahogany. Top will be solid, full 1-inch thick, of carefully selected lumber, matched for figure and braced as indicated. Top to be built up of strips not over 7 inches and hand jointed, to secure a perfect joint. All edges shall be rounded. Legs will be 1½ inches square where shown and turned as indicated. Rails will be mortised and tenoned into legs and reinforced with shaped metal plate screwed

to end and side aprons. Stretchers will be mortised into legs. When legs are pivoted, pivots will be steel of suitable size, with washers between moving parts. One hinged mahogany filler at least 20 inches wide will be provided, fitted with dowels on one side and dowel holes on the other, and hung on a device so that top is secured to table, but can be easily folded under top when not in use. Suitable device for locking table when closed will be furnished. Extension slide will be of hard maple or birch of approved design. The table will be 2 feet 6 inches high, 42 inches wide, and not over 24 inches long when closed, extending to at least 68 inches long when open. Table will be equipped with steel gliders of suitable size. All joints shall be thoroughly glued.

These specifications are identified by the following signatures as being a part of contract dated _____.

_____, Contracting Officer.
_____, Contractor,
By _____.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. CRISP]. [Applause.]

Mr. CRISP. Mr. Chairman and gentlemen, I have asked for this time to call your attention to a matter which I think is deserving of your consideration, to wit, that the tariff bill was signed Tuesday; on Monday, Tuesday, and Wednesday the Ways and Means Committee held hearings to amend that bill, even before the President signed it, and some two joint resolutions to amend it were introduced by the chairman of the committee and one by the gentleman from Massachusetts [Mr. TREADWAY], two of the House conferees on the bill.

I desire to say that no committee has ever had a more courteous or patient chairman than the Ways and Means Committee has had in the person of the gentleman from Oregon [Mr. HAWLEY], but I have repeatedly called the attention of the House during the consideration of this tariff bill to the fact that the rules of the House were absolutely disregarded and that the bill from the moment the Ways and Means Committee finished their hearings was considered under special rules supplanting the rules of the House, rules brought in to prevent the membership of this House from giving consideration to the bill and perfecting it. Those rules have been prepared to meet the political exigencies of the case.

Now, gentlemen, this presents to you forcibly the folly of considering an important bill under that method. If the House had been permitted to consider this bill under orderly procedure, in my judgment it would have been a much better bill and the joint resolutions which have been introduced would not have been necessary.

Let me call your attention to some of them. The bill passed the House on the 14th. On the 13th Mr. HAWLEY introduced House Joint Resolution 366, a joint resolution to amend paragraph 402 of the Tariff act of 1930. That paragraph deals with the duty on maple lumber. On June 16, the day before the bill was signed, Mr. TREADWAY, of Massachusetts, one of the conferees, introduced House Joint Resolution 370 to put wiping rags used by the paper industry on the free list. I might say in passing that this indicates the attitude of the Republicans from New England on the tariff. They want their raw materials and things they use free and their manufactured products highly protected. This is demonstrated by their votes on duties on sugar, lumber, hides, raw cotton, and so forth. On June 16, the day before the bill was signed, the gentleman from Oregon [Mr. HAWLEY] introduced House Joint Resolution 371, providing that no entry of any imported cigars by parcel post from Cuba shall be allowed of less quantity than 3,000 in a single package. The Florida Representatives appeared before the Ways and Means Committee yesterday. I do not mean the Members of this House, although Senator TRAMMELL was there, but other interested parties from Florida were before the committee saying that if the tariff bill stood as it was now it would destroy the cigar industry in Tampa, would destroy the production of tobacco to the great injury of tobacco farmers in Florida, and would result in having 40,000 or 50,000 workmen engaged in the tobacco industry walk the streets. Now, that is the tariff bill which the Congressmen from Florida supported.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. CRISP. I yield.

Mr. COCHRAN of Missouri. The House had no opportunity to vote upon that paragraph. Am I correct in that?

Mr. CRISP. The House has not had an opportunity to vote on any paragraph except lumber, cement, the flexible provision, the debenture, and sugar. When the House had the opportunity to vote, it accepted the lowest rates of duties it could under the parliamentary conditions confronting it.

Mr. COCHRAN of Missouri. The Senate hearings show that these same gentlemen appeared before the Senate committee

and asked that that be stricken from the bill; it was retained in the bill, and, despite the fact that those people are now making a protest against its retention in the bill, they supported the bill.

Mr. CRISP. The RECORD will show how the Florida Congressman voted. The gentleman from Pennsylvania [Mr. BRUMM] has introduced a bill (H. R. 12061) to give protection to the anthracite-coal industry of Pennsylvania. We had hearings on that all day yesterday. Pennsylvania is a strong protection State and yet this high tariff bill gives no protection to the coal miners and operators in that great State. The gentleman from New York [Mr. CLEGG] has introduced a House joint resolution, No. 377, to reduce the duty on buttons.

Now, gentlemen, of course, I think the tariff bill is a bad bill, and naturally I am in favor of anything that will improve it, but I simply call this to your attention to show how serious it is to consider a bill of this magnitude under gag rules. May I also say that when the bill was being considered the Republican majority of this House was very strong for the flexible provision in the tariff bill. Their attitude upon the flexible provision was like "Ephraim wedded to his idol." Notwithstanding the flexible provision and notwithstanding the fact that the President in his statement criticizing the bill said he would correct the inequities in it through the flexible clause, here are these bills introduced by members of the Ways and Means Committee before the bill is signed, two of them conferees, to correct some of its inequities. Our Republican colleagues must feel that their idol, like all idols, is impotent.

There was one other matter discussed before the committee, though I am frank to say that so far as I know no resolution has been introduced dealing with the subject. That discussion related to the differential on refined sugar. Three-fourths of the Committee on Ways and Means will concede that under this highly protective tariff bill the refiners of sugar who employ American labor are given less protection than they have under the Fordney bill. That is conceded. The refiners are not concerned as to what the rate on raw sugar is, but they are interested in the differential which will enable them to employ American labor, but it was decided in the committee they would not take that up at this session.

I always try to be frank. We had two days of hearings, Monday and Tuesday. The bill passed the House Saturday, was signed by the President Tuesday, and we had an executive meeting of the committee to-day, at which the committee decided they would not take up and report out or ask the House to consider any bill amending the Hawley-Smoot Tariff Act at this session. That is all I care to say. [Applause.]

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. McCLINTIC of Oklahoma. Mr. Chairman, I ask unanimous consent to extend my remarks.

The CHAIRMAN. The gentleman from Oklahoma asks unanimous consent to extend his remarks. Is there objection? There was no objection.

Mr. McCLINTIC of Oklahoma. Mr. Chairman, Congress under date of August 5, 1882, passed a special act granting a pension to Amos Chapman, who was an Indian scout under Col. Nelson A. Miles, because he suffered a wound which caused a loss of one of his legs.

In 1875 Congress voted a medal to Amos Chapman because of his bravery in attending to the wants of wounded comrades when under fire in a battle fought with the Kiowa and Comanche Indians on September 12, 1874. In this battle Amos Chapman and five soldiers were sent out as bearers of dispatches from their camp on McClelland Creek to Camp Supply, which is now located in the northwestern portion of Oklahoma, and in the district I have the honor of representing. These 6 men were surprised at 6 o'clock in the morning by a band of 125 Kiowa and Comanche Indians. All of the members of the party were struck with bullets at the first volley fired by the Indians, and Private Smith was mortally wounded.

Amos Chapman led his few men to a buffalo wallow where they dug themselves in in the best manner possible, using their knives for excavation purposes. Chapman told his comrades to keep the Indians at bay and he would go and get Private Smith. While doing so, he was attacked by the Indians and shot in the leg; however, he was not deterred from his duty until he had rescued the body of his comrade.

For 36 hours these 5 men kept the Indians at bay until a change in the weather caused the attacking party to retreat. Because Amos Chapman was wounded William Dixon, another Indian Scout, started on an overland trip of 200 miles for the purpose of obtaining relief but after walking several miles he came in contact with cavalymen and this enabled the party to escape.

Amos Chapman was highly respected by the Indians as well as the whites, and the Indian that wounded him was one that Chapman had fed on many occasions. After treaties had been made with the Indians, Chapman married a squaw who was a relative of Chief Blackkettle, a Cheyenne Indian, and he resided in what is now known as Dewey County until last year when he died. He left to mourn his loss a widow and several children, all of whom are highly respected by the white people residing in that section.

No person ever performed a braver service for the United States than Amos Chapman. Therefore, for that reason the United States Congress in 1882 recognized his service as being valuable to the Government and gave him a pension. I feel that his widow is entitled to receive the same consideration as would be given the widow of a regular enlisted soldier, as the services performed by Amos Chapman were far more hazardous and produced more good than it was possible for any one man to give his country.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. HASTINGS] such time as he may desire to use.

RURAL CREDITS

Mr. HASTINGS. Mr. Chairman, I want to take occasion to discuss two bills which I have introduced, both of which are pending before the Committee on Banking and Currency.

The first is H. R. 982, to amend section 15 of the Federal farm loan act, approved July 16, 1916.

The act of 1916, in my judgment, is the greatest piece of constructive legislation enacted by Congress for the benefit of the farmers of the country. I was a member of the Committee on Banking and Currency when it prepared and reported this bill. At that time I made an effort to secure an amendment similar to the one I now propose. The amendment would confer upon a local agent about the same authority which the secretary-treasurer of a local loan association now has. It does not in any other material respect change the existing law. The loans which would be applied for through applications filed with such agents would continue to be subject to the same conditions and restrictions as if made through the local farm-loan associations.

My contention is that this amendment, if adopted, would greatly popularize the farm loan act and would result in many farmers taking advantage of the law, and would enable action to be expedited upon applications for loans by the farm land banks.

A similar bill which I introduced in a previous session of Congress (H. R. 3860) was submitted to the Farm Loan Board. After most careful consideration the board made the following favorable report thereon:

This bill would amend the farm loan act so as to provide that Federal land banks may accept applications for loans through agents in territory where it has been determined that national farm loan associations have not been formed, or that the associations, when formed, neglect or refuse to serve the needs of their territory.

The board does not oppose this legislation, but, on the contrary, believes that it might be of material assistance to eligible farmers in a great many sections of the United States. If your committee should favor the principle of this bill, I shall be very glad to go over the details with you with the thought of assisting in perfecting it.

Section 15 of the rural credits bill, which this bill proposes to amend, provides for the appointment of agents only when no local association has been formed, and the agent to be appointed must be an incorporated bank, trust company, mortgage company, or savings institution, chartered by the State, and this agent is required to indorse and become liable for the payment of the loan. The amount of the loan to be made by such agents is limited to ten times the capital and surplus of such institution. Such agent is permitted to be paid not to exceed one-half of 1 per cent of the unpaid principal of the loan, and this must be deducted from the dividends payable to the borrower, and if no dividends are paid to the borrower, of course, no commission is paid to the agent. There is a further provision that in the event of the organization of a local association no further loans shall be negotiated through the agent so appointed.

In my judgment, no bank or trust company can afford to accept the agency under these conditions. None have been appointed, so far as I know, in the State of Oklahoma. None have been appointed where a local association has been formed but ceases to be active. The amendment to which I am directing your attention provides that whenever it appears to the board that local farm-loan associations have not been formed, or such association after having been formed, fails, neglects, or refuses to serve properly the needs of the territory in its locality, it does not require the appointment of a bank or trust

company, and the agents appointed are to give bond, serve at the pleasure of the board, and receive as compensation not exceeding 1 per cent of the amount of the loan made, with a minimum fee of \$5 for each loan. When a local association is organized and serves the community, no further loans are made through such agent.

At a previous session, when hearings were had upon a similar bill which I introduced, members of the farm land bank appeared before the committee in person and indorsed the provisions of this proposed amendment.

Under the provisions of the farm loan act of July 17, 1916, a Farm Loan Board was created, with general supervising control over the 12 farm land banks located throughout the country. These land banks are authorized to make loans to farmers upon the amortization plan. They charge the farmer no greater rate of interest than that which they have to pay upon tax-exempt farm land bank bonds which are authorized to be issued and sold, plus the expense of management, and 1 per cent per annum, payable semiannually, is added, to be applied to the reduction of the principal. The last issue of farm land bank bonds bear a rate of interest which justifies the making of loans at $5\frac{1}{2}$ per cent, plus 1 per cent to be applied upon the reduction of principal. This is the cheapest rate of interest the farmers can get on loans. I regret that more farmers in my district have not availed themselves of this law. The farmers are individualists, and this law has not been of the benefit I had hoped it would be to them for at least two reasons:

The first is that the farmers are reluctant to join local loan associations. They want to be responsible only for their own obligations. They are afraid they may become financially involved in some way and they hesitate to join associations which make them in any way responsible for the loans of others.

Second. It has been my experience that when farmers meet and form a local association and each member secures the loan for which he makes application, he is not interested in any further meetings of the association and the local association, therefore, ceases to function and takes no further active interest in urging other farmers to avail themselves of the advantages of the law.

However, this law has been of great advantage to the farmers in that it has reduced the rate of interest on loans and has secured more favorable terms of repayment for the farmers.

From the date of the organization of the Federal land banks to April 30, 1930, the banks had closed 504,270 loans, aggregating \$1,623,709,665, including 4,933 loans, amounting to \$14,722,600, in Porto Rico. Of these loans 10,296, aggregating the total amount of \$28,828,900, were made to farmers in Oklahoma.

In Oklahoma there have been 140 local loan associations organized and of this number the charters of 18 have been canceled, leaving 122 in operation. There are now only four local loan associations in operation in the second congressional district of Oklahoma.

The criticism has been made that a few of the borrowers have defaulted in the payment of principal and interest and that foreclosure suits have had to be instituted. This does not condemn the law. There has also been a large number of bank failures, business failures, and bankruptcies throughout the country during the depressed period of the past 10 years. There have been many foreclosures of mortgages by mortgage companies.

What I am trying to do is to popularize this law and to have the farmers generally take an interest in it and avail themselves of its privileges. Many of them do not understand it. They do not appreciate that they can borrow money at $5\frac{1}{2}$ per cent, add 1 per cent to be applied to the reduction of the principal, and that by paying $6\frac{1}{2}$ per cent interest they are paying both principal and interest. If a local agent were appointed in counties where no local loan associations have been formed, or where one has been formed and is not functioning, and if he is permitted to make a minimum charge for his services in advising farmers as to how to take advantage of this law, assist them in initiating loans, make the preliminary preparations, forward their papers to the bank which serves their district, I feel sure that many more farmers would avail themselves of the privileges of the law. The more loans made to the farmers will result in a proportionate reduction of the expense of administration and a gradual reduction of the rate charged. There are approximately 6,500,000 farmers throughout the United States. Including members of their families some 30,000,000 people live on the farm and are directly dependent upon farming for a living. Almost everyone throughout the country is dependent upon the prosperity of the farmer and is directly dependent upon him for his food supplies. Therefore, the prosperity of the farmer affects the entire citizenship of the country.

In my district of eight counties there are only four local loan associations. Two years ago I made a speech upon a

similar amendment urging its favorable consideration by Congress and invited attention then to the fact that practically no new applications for loans were being received through these local associations. The table which I placed in the RECORD then verified that statement. I called attention to the fact that local committees of three members of each of these local loan associations, served without compensation, except that their reasonable expenses were paid, and it was therefore difficult to induce them to take sufficient interest to urge others to make applications for loans.

Section 10 provides that when a prospective borrower makes application for a loan it shall first be referred to the local committee provided for in section 7 of the act. The local committee is required to examine the land offered as security, make a detailed written report signed by all three members, give the appraised value of the land as found by them, and such other information as may be required by the rules and regulations, and no loan can be approved without a favorable report being made thereon.

If this law is honestly, intelligently, and efficiently administered, there is no occasion for any loss to the farm-land banks. The bank which serves the State of Oklahoma is located at Wichita, Kans.

I want to urge the farmers of the country to study the provisions of this law with a view of inducing more of them to avail themselves of its provisions. A farmer can not borrow money from any other source at a lower rate of interest. He repays the loan on the amortization plan. By extending payments over a period of 36 years and by adding 1 per cent annually to the rate of interest he repays both principal and interest. The rural-credits plan has proved a success in Europe and everywhere it has been conservatively managed. A few failures during the unusually depressed conditions during the past 10 years should not condemn the law as being unsafe or unwise.

I want to emphasize that if an intelligent, honest, active, local agent were appointed in every county who could receive applications from the farmers, advise them of the requirements of the farm land banks, and instruct them as to the amount they could probably be able to secure upon their lands, help them secure abstracts and put the preliminary papers in shape so as to expedite action on the loans, it would greatly popularize the law and increase the volume of business that would be transacted by each of the farm land banks throughout the country.

Loans may be made to the amount of 50 per cent of the appraised value of the land and 20 per cent of the appraised value of the insured, permanent improvements.

If a local agent, to whom would be paid a minimum fixed fee for his compensation, were appointed in each county to represent the farm land bank serving that district, he would be able to familiarize the farmers with the requirements of the law, aid them in preparing their papers, and would be able to give them such information as to procedure and as to the amount they could probably secure on their lands, thereby minimizing the number of loans rejected and expedite the consideration of all applications for loans. In my judgment, this is a matter of great importance to the farmers throughout the country. Everybody appreciates that the farmers have been depressed during the past few years, and we have been endeavoring to find a proper solution for their problems. I have taken occasion heretofore to say that in my judgment it will require the enactment of a series of bills to solve the problems of the farmers. I wish to emphasize this particular amendment which I am pressing upon the attention of the Members of the House. I believe that if this amendment were enacted it would aid many of the worthy, thrifty, honest, and economical tenant farmers to own their own farms.

The Census Bureau reports that in Oklahoma there are 197,218 farms. Of these, 81,226 are operated by their owners, 115,498 by tenant farmers, and 494 by managers.

I want to make it possible for every tenant farmer to own his own home. If I have any hobby it is to help every man to live on his own land. The enactment of this amendment would do much to accomplish that. The local agent could bring to the attention of the tenant farmers the advantages of this law and would show him how to make his application, and this would encourage him to try to buy a farm for himself and would result in untold thousands of them buying small tracts of land, giving the first mortgage to the farm land banks, and giving a second mortgage for the balance of the purchase price. He would be enabled to pay off his loan to the farm land bank through a long time loan and through industry, thrift, and economy he would be able to gradually pay off the second mortgage and finally own his home.

Now, let us examine the benefits that would result from this. When a man owns his own land he conserves the soil, he rotates the crops, diversifies the products he plants; he uses his spare hours in repairing and building improvements, he terraces the land to prevent the soil from washing away, he fills up the ditches, he puts out a small orchard, and gives more attention to studying the crops adapted to the particular soil which he owns. In this way of caring for and cultivating the land it is made stronger and more productive and enables the farmer to raise at least 50 per cent more per acre at but little, if any, greater expense. The taxes are no greater and the cost of maintenance is about the same.

Now, if the farmers, through better methods, are enabled to raise 50 per cent more corn, wheat, cotton, alfalfa, and other products upon the same acreage, he has that much more to sell and has therefore reduced the cost of production. It necessarily adds greatly to his prosperity and correspondingly adds to the prosperity of the community and the entire Nation.

Agriculture is our basic industry, and this is particularly true of my district. Every person living in the towns and cities is largely dependent upon the farmer and is as deeply interested in the prosperity of the farmer as the farmer is himself. Every merchant, banker, laboring or professional man is interested in legislation which will be of advantage to the farmer.

If we can, by legislation, make it possible for the farmer to borrow money for long terms at low rates of interest, it will encourage more farmers to own their own homes and will surely add to their prosperity and to that of the entire country as well.

This bill will not weaken the present law but will strengthen and popularize it and I hope to continue to press it upon the attention of Congress until this or some similar amendment receives favorable consideration. In the meantime I want to urge upon the people of my State and the country the advisability of their studying the provisions of this law, forming local associations and taking advantage of its terms.

The provisions of the rural credits bill can only be availed of by the owners of farms or those desiring to purchase farm lands. Loans are made only to purchase farms, pay off mortgages, purchase equipment, fertilizer, and livestock, to provide buildings and other improvements of farm lands, and no loan can be made at a greater rate of interest than 6 per cent. The original act was a splendid piece of constructive legislation. It should be amended as I have indicated.

GUARANTY OF INDIVIDUAL BANK DEPOSITS

The second bill to which I desire to invite the attention of the House is H. R. 12924, to provide for the furnishing of bonds by national and State banks and trust companies which are members of the Federal reserve system for the protection of depositors.

This bill would require (sec. 1) that all banks, State and national, and trust companies, members of the Federal reserve system, to give bond in the sum of 25 per cent of the amount of their deposits, exclusive of interest-bearing time deposits, and other deposits specially secured, for the protection of the general unsecured depositors.

Congress does not have jurisdiction over State banks and trust companies which are not members of the Federal reserve system, and for that reason the provisions of the bill are not attempted to be made to apply to them.

The banks and trust companies affected are given six months to comply with the provisions of the bill and to give the bond as required therein.

Section 2 of the bill requires that all national banks, upon their organization, shall each give bond in an amount equal to its capital stock at the time of organization and thereafter a bond in the sum of 25 per cent of the deposits shall be given as shown by the last annual statement of the bank.

The Secretary of the Treasury (sec. 3) is authorized to approve such bond upon ascertaining that the surety company making the same is financially responsible.

All banks are required (sec. 4) to make reports on January 1 of each year, showing their total aggregate deposits subject to check, interest-bearing time deposits, and deposits otherwise specially secured.

The provisions of the bill only require a bond in an amount equal to 25 per cent of the amount of unsecured deposits and does not require a bond for interest-bearing deposits placed with the bank under special contract, and does not cover deposits such as county, municipal, and State, and school funds, which are otherwise specially secured. The bond would be required for the purpose of guaranteeing security of the general deposits of the banks which are not otherwise secured.

The reason why a bond of only 25 per cent of the aggregate amount of the deposits would be required is because of the fact that upon investigation of the failed banks brought to my attention, if 25 per cent of the deposits had been guaranteed and if this amount of new money had been available, and paid in cash, by a surety company as this bill would require, I know of no bank that would have failed. If, however, it is found through experience that 25 per cent would not be a sufficient amount to protect all depositors, this percentage would and could be increased.

The Comptroller of the Currency, in his annual report for the year 1927, page 17, reports as follows:

The average percentage of all dividends paid on claims proved against the 706 receiverships that have been finally closed was 74.74 per cent. Had offsets, loans paid, and other disbursements been included in this column disbursements to creditors would show an average of 80.95 per cent.

This indicates that a bond of 25 per cent would in all but extraordinary cases be sufficient to cover the loss and pay the depositors in full. However, if experience should show that a larger percentage is required the bill could and should be amended and the percentage increased. It should be large enough to guarantee all depositors against loss.

The annual report of the Federal Reserve Board for the year 1929 (pp. 21 and 22) shows that 642 member and nonmember banks with aggregate deposits of \$235,000,000 suspended operations during 1929. This was 151 more than in 1928 and the amount of the deposits of the suspended banks in 1929 exceeded by \$100,000,000 the aggregate deposits of the banks suspended in 1928. From page 22 of this report I quote the following:

During the 9-year period 1921-1929, a total of 5,642 banks were reported as having suspended operations either temporarily or permanently on account of financial difficulties, and of this number 659 have since been reopened. Deposits of the banks suspended during the 9-year period were about \$1,720,000,000 and of the reopened banks \$240,000,000. Member banks suspended during the nine years numbered 994 and nonmember banks 4,648, while deposits of suspended member banks aggregated approximately \$490,000,000, and of suspended nonmember banks \$1,230,000,000.

These figures compel an earnest study of the subject and conclusively show the necessity for this legislation.

The bill I have introduced would require each bank to give bond to insure its own deposits. The press reports bank failures almost daily in some part of the country.

I have not investigated the history of such legislation to find out how many States have enacted laws requiring bank deposits to be guaranteed, but if the Federal Government had led the way and each State had enacted such a law it would not only have saved the percentage of loss to depositors on the \$1,720,000,000 but it would also have saved the capital stock of the failed banks and the surplus of each, aggregating many millions of dollars.

Every bank, State and national, which receives school, county, city, and State deposits, is required to give a bond in an amount equal to the total of these deposits. This is true regardless of the financial standing of the bank. If a bank is required to give a bond to protect school, county, city, and State deposits, why should it not be required to insure individual deposits against loss in a reasonable amount. I see no difference in principle. In the State of Oklahoma all Indian funds deposited with any bank, no matter how strong the bank may be, are required to be secured either by a surety bond or by the deposit of approved securities in an amount sufficient to cover the deposits. I see no difference between this and requiring a bond in a sufficient amount to protect the laborer, the farmer, business and professional men, and all classes, who are depositors, against loss.

There can be no legitimate argument against the principle involved in this bill. The only argument I have heard urged against it is the additional expense to the bank. Of course, that is true; but banks are required to pay premiums on bonds given to secure school, city, county, and State funds.

This bill would not only be a good thing for the depositors, but for the shareholders of the banks. It would result in the executive officers of the banks being more conservative. They would require better security for loans and their assets would be kept in a more liquid form, for they would be subject not only to the supervision and criticism of the bank examiners but also of the representatives of the surety companies making the bonds for the banks. This would, in my judgment, prevent many banks from failing and would save large amounts to the shareholders in assessments where banks fail, and this would result in larger dividends being paid to the stockholders of the banks.

The active officers of the banks are required to give bond to protect the bank against loss on their account, notwithstanding they may be and are men and women of high character. Why is this required? If this be true as to individuals, why, on principle, should not the depositors be protected against loss by requiring the banks to give bond?

Congress passed the Federal reserve act in December, 1913. It provided a financial reservoir to which member banks might go for assistance, and it has been successful since the organization of the Federal reserve banks in 1914. The failures of banks have been due to a number of causes, and among them are: Too many banks were organized in some communities, some banks were in charge of inexperienced officers, and some failures have been due to economic conditions. Failures in the South and Middle West have been largely due to agricultural conditions, and in the far West and in the Southwest to the losses on cattle, and, of course, a few failures have been due to corrupt management. I think by far the most failures can be attributed to economic conditions, and I think this is conclusively shown by the figures which I have given as to the number of failed banks in the 12 agricultural States, where two-thirds of the bank failures occurred. The second cause, in my judgment, is due to inexperienced management.

This bill in a way tends to guard against this, because surety companies would be reluctant to make bonds for banks which are not managed by experienced officers.

It is urged by some that it would be difficult for some banks to give such a bond. They make bonds to secure State, county, school, and municipal funds. Why can not they make bonds to secure general depositors? If a bank is in such a precarious condition that reputable surety companies would not make a bond for it, then the sooner that bank is liquidated the better, and the less will be the loss to the depositors, the shareholders, and the people of the community.

It has been suggested that surety bonds are not required to insure the deposits of State banks, and that therefore this would be a discrimination against the banks mentioned in the bill. I think it would have the contrary effect, because I believe that it would result in State legislation requiring every State bank to take out insurance for the benefit of its depositors. As between two banks, one conservatively managed with a surety bond to protect the depositors and the other without such a bond, everyone knows, of course, that the majority of the people would deposit their money in the bank protecting their money by a surety bond. The premium on the bonds required under this bill, in my judgment, would be small as compared with the profit on the increased deposits which the bank would receive, and therefore this bill would be financially beneficial to all the banks throughout the country. It would bring every dollar out of hiding and could be used for the productive development of the community. I think deposits in every bank throughout the country would increase. It certainly would make the officers of the banks more conservative and result in fewer bad loans, and therefore would result in a greater financial advantage to the shareholders in increased dividends; it would protect the depositors against loss and would clearly be in their interest.

This bill does not require one bank to insure the deposits of another. Every bank under this bill would pay for the premium of its own bond. No bank would be dependent upon another bank. I think this is the only sound principle. If banks were required to contribute to a guaranty fund for the benefit of all banks, then the strong, conservative, well-managed banks would contribute to the weak banks and those in the hands of inexperienced officers. The amount of the premium would depend upon the condition and management of each bank. If safe, officered by experienced men, and conservatively managed, the premium would be small. The same principle would be applied as in the case of fire insurance.

The greater the hazard the larger the premium. As in the case of fire insurance, when the hazard—bad flues and fire traps—is removed, which in banking is comparable to reckless, inexperienced management and unsecured loans, the premium will be reduced. Every bank whose condition entitles it to be bonded can find a surety company seeking its business and anxious to make its bond. Let me emphasize: I have no doubt but that it would result in increased deposits for each bank, and therefore increased profits far in excess of the small amount of premium required to be paid on the bond. Again, it would establish confidence in banks throughout the country and bring out of hiding large amounts of money not now deposited in banks. I believe this is a good bill from every standpoint. I believe it right in principle, and I want to urge it upon the earnest consideration of the Members of the House. I have pressed it upon the attention of individuals and bankers throughout the country, and no objection has ever been urged

against it other than the objection of the cost of the premium on the bond. If every State in the Union by legislation requires that its public officials must require such bonds to insure public deposits in banks, why should not the individual depositors be so secured? What is the difference in principle?

The loss to depositors does not present the full picture. They have not only lost their entire savings but many of them have no credit elsewhere and are left penniless and destitute. Some have to sacrifice what little property they have to meet obligations they expected to pay out of the money lost or to meet current expenses. Not one anticipated the loss and made no provision for it. Everyone in the community feels the financial shock. Business is paralyzed. Everyone, whether a depositor or not, sustains a loss through business depression. It takes months, sometimes years, for the public to regain confidence. The shareholders are assessed. They must sacrifice their property at a ruinous loss to raise the money. Why? There is but one answer, and that is because we decline to compel the banks to incur the extra expense of a small premium on the surety bonds which this bill would require.

If enacted into law, it would protect the depositors, the shareholders, and the public from the business depression that always follows a bank failure. Let me repeat the question: Why are banks required by Federal and State laws and regulations to make bonds to secure public money? The answer is To guarantee it. We should not permit the small premium which the banks would have to pay to outweigh in this legislation the rights of the depositors and the interest of the public. Banks are chartered under legislative sanction, State and Federal. We can not and should not try to longer escape our responsibility.

During my entire life I have exerted my best efforts to assist in the protection of the man and woman of small means who did not possess financial strength or who were not organized to fight his or her own battle, and I am forced to the conclusion that every bank and trust company which is required to furnish a bond to secure school, county, city, and State funds, and also Indian funds, should also be required to make a bond to fully protect the general depositors who have confidence in the banking institutions conducted and protected by the laws of the Federal Government. [Applause.]

Mr. COLE. Will the gentleman yield?

Mr. HASTINGS. I will be pleased to yield.

Mr. COLE. Will the guaranties that the gentleman has referred to be given through regular bonding companies?

Mr. HASTINGS. They would be given through regular bonding companies and no bank would guarantee the deposits of another bank. Each bank would guarantee its own deposits, just like a bank now guarantees its own deposits so far as county or school funds are concerned. I do not believe in a guaranty fund where one bank is dependent upon another or where one bank has to contribute to such a fund for the benefit of another bank.

Mr. COLE. Has the gentleman any idea of the cost of such bonding?

Mr. HASTINGS. I have covered that in my remarks. I believe it will bring money out of hiding and would not only be for the benefit of the depositors, but would be helpful to the banks as well, because I think this would immeasurably increase the deposits. [Applause.]

Mr. TAYLOR of Colorado. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. BOYLAN].

Mr. BOYLAN. Mr. Speaker, ladies and gentlemen, at last the Republican Party is willing to admit that there is a business depression existing in the country, and that unemployment is universal. For over a year this has been denied by them; now they admit that the country is suffering a depression that will require patience and business ingenuity to solve. They now admit that we are in a cycle of business depression.

The tariff bill adding an additional burden on the people of the United States of about a billion dollars a year has been passed by the Republican Congress. The President promised to make a careful study of the various items contained in the bill before taking any action on it. Although this was his promise, yet before the bill had reached him for consideration he issued a statement saying that he would sign it. Already the reaction of the country has been that this new burden that has been placed on them by the Republican Congress is fraught with danger to American industry.

This bill, of course, reflects the wishes of the manufacturing industries of the country.

In the writing of it minority members of the Ways and Means Committee were denied participation, although, on the other hand, it was known that representatives of the manufacturers' associations were conspicuous by their presence even in executive sessions.

In the House an amendment could not be offered or considered unless it was proposed by one of the majority members of the Ways and Means Committee.

This bill is indeed a raid on the consuming public and the great mass of our people, when they will be compelled to pay more for sugar, and also pay an increase of 20 per cent on the cost of shoes for themselves and their families, and pay increased prices for hundreds of other articles used in their daily lives will be brought to a keen realization of it. The people will indeed have just cause to remember the action of the Republican Party in passing this iniquitous tariff bill.

The distinguished Presiding Officer of this House, Doctor LONGWORTH, in a statement called our attention to the fact that we will get better and cheaper medicines under the new tariff act.

I would suggest to any of my colleagues who have "sick districts" that they lay in a good supply of these medicines before they leave Washington, for, in my opinion, they will be sorely needed by them in the fall campaign.

Mr. O'CONNELL. Will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. O'CONNELL. What kind of prescription does the gentleman imagine we will get from Doctor LONGWORTH? We would have to get that first.

Mr. BOYLAN. The prescription may be without power, and whether it will be an authentic prescription or not I am not able to say at this time.

Mr. GLOVER. Will the gentleman yield for a question?

Mr. BOYLAN. Yes.

Mr. GLOVER. I presume the gentleman when talking about cheap medicines has reference to ipecac, which is put on the free list under the new tariff bill?

Mr. BOYLAN. Such chemicals as that; yes, sir.

It certainly must be a very bad bill when the distinguished President of our country was compelled to issue a defensive statement of apology for signing it. This very fact is but a reflection of the public's disapproval of the bill.

The President said:

That it contains many compromises between sectional interests and between different industries, and that the complexities of the legislative task requiring an examination of more than 3,300 items makes it inevitable that the responsibility must rest upon Congress in the legislative rate revision.

He also stated that the duty of the Executive is on the administration side, and that the flexible provision of the new law will have to correct inequalities.

So many such inequalities existed that the ink on the President's pen had scarcely dried on the document before Senator BORAH introduced a resolution in the Senate calling on the President to immediately exercise his power under the new law to correct many inequalities already apparent in the bill.

Indeed, everything in the President's statement relative to the bill he signed is a defense or an apology to the American people for the signing of this unjust measure.

Mr. ABERNETHY. Will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. ABERNETHY. Can the gentleman explain why he took six pens to sign the bill?

Mr. BOYLAN. That is beyond the power of my comprehension, I will say to the gentleman.

When the President affixed his signature to the tariff bill on June 17, shortly before 1 o'clock, a depressing rain fell in torrents over the city of Washington. The city was darkened. Fitful flashes of lightning pierced the darkness, the distant crash of thunder was heard (perhaps it was the crash of the market). The usually placid Potomac turbulently surged in its race to the sea.

In the Executive offices all was still and quiet. A monstrous tariff bill, marked and pitifully mutilated, lay in all its ugliness on the President's desk; around in solemn and mournful silence stood a few of the faithful cohorts who had taken it, a strong and vigorous child, to the Congress. Who during its many trials and vicissitudes stood loyally by, ever to lend a helping hand to smooth out its rough and tortuous path. Yet on that desk in front of them lay this instrument of oppression; the act that will bear its heavy burden on the backs of the American people.

Well indeed might there be solemnity. Well indeed should a funeral atmosphere surround the final act in the passage of this iniquitous legislation.

The small funeral party present fully realized the gravity and the import of the President's action to their dear old Republican Party, and the final signing of this oppressive measure filled them with a secret fear and alarm.

Indeed, so solemn was the occasion that no pictures were permitted to be taken of it. Posterity will be denied therefore the opportunity of studying the facial expressions of the mourners.

And so the bill was signed.

The Grundy bill is thus made the issue for the coming congressional campaign. The people will render their verdict on it next November, and the Democratic Party feels no concern over the result. [Applause.]

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, ladies, and gentlemen, to end the long uncertainty and to establish or reestablish business, the President issued Sunday a statement assuring the country that he would sign the tariff bill, but instead of having a favorable effect, another market crash has taken place and is still with us.

What I have to say is, and should be, of interest not only to us here but to the country, and especially to the administration and the Republican Party. For months the Wall Street financiers and their mouthpieces charged that Congress and the administration were responsible for the financial crisis, for the depression, the unemployment, and the discontent. People believe it and will hold the Republican administration responsible. To a certain extent you Republicans are responsible, because you refused and are afraid to stop these Wall Street racketeers. You are afraid to stop their racket. They hold, and will continue to hold, the country in the palms of their hands. They believe themselves—yes; they are—all-powerful, and this notwithstanding the fact they have and are now fighting foul, hitting the business of the Nation under the belt. The entire Nation is prostrated and suffering, and I maintain it is high time that they be disqualified and the country given an opportunity to recuperate and get on its feet.

Mr. O'CONNELL. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. O'CONNELL. Is it not about time that the country called for a foul?

Mr. SABATH. That is what I maintain, that they are fighting foul and should be disqualified.

Mr. Chairman, during this session of Congress hardly a day has passed without a dozen Members on both sides calling attention to the great unemployment, to the unfortunate plight of agriculture, or to the closing of banks, mills, and factories in their respective districts. Many of the Members have pleaded for the enactment of relief legislation for the millions of unemployed and their destitute families and for the relief of business conditions. And what has the President and the administration done to relieve these deplorable conditions?

When last November the inevitable crash, due to high financing, aided and approved by the former as well as this administration, was approaching, the President and his administration remained silent.

As I stated some time ago on the floor of the House I urged upon the President that some action be taken to minimize, and if possible, to prevent the approaching catastrophe.

The President shortly thereafter did call, as I suggested, a conference of the leading financiers and industrial leaders of the country. They, at that time, promised to cooperate, keep men employed, and not to reduce wages. By these means it was expected that financial conditions would be steadied and relieved. Unfortunately outside of their interviews nothing has been done. In fact since the meeting of these leaders of finance and industry unemployment has increased and wages have been reduced, resulting in more want and misery.

I ask what has the administration done? What is it doing now to stop this manipulation—that is, the short selling and the gambling—which makes impossible reestablishment of confidence.

Mr. Chairman, ladies and gentlemen of the House, I do not hold the President and his administration wholly responsible for these deplorable conditions now existing; but I do charge that by this time conditions could and should have been improved, unemployment reduced, and confidence reestablished had the President and his administration taken some constructive steps. I maintain that the high financing and gambling, not only tolerated but approved by the administration, is responsible for the present business depression. You may properly ask why. My answer is that during the years 1928 and 1929 hundreds of millions of shares of stock, lot of it of questionable value, was through the various stock exchanges of the country, and by other methods, unloaded upon the public at fictitious prices, which required and brought about the withdrawal of billions of dollars from the banks in all sections of the country, thereby depriving legitimate business of the Nation of funds actually needed for the conduct of honest and necessary business.

After unloading, as I have before stated, their holdings at fabulous prices and being in control of the ready and available cash, the financiers started to boost the rate of interest as high as 20 per cent, and a few days later the great bear movement, the selling short the thousands upon thousands of shares of stock which they no longer possessed was started for the purpose of destroying the then market value of these very securities. This, however, not before the international but especially the English bankers, on a tip given them, had unloaded all of their holdings in this country at fancy prices.

Mr. Chairman: President Hoover, in his December message, stated that the crash was unavoidable and inevitable. But I charge that it was avoidable. I charge that it could have been prevented. I charge the 10,000,000 investors could and should have been saved from ruin, distress, and misery, and the Nation spared a great calamity.

I charge the former as well as the present administration with indirect responsibility for the ruin and distress among these millions of investors, who, encouraged by the alluring statements and reports emanating from time to time from the White House and administration leaders, withdrew in many instances their entire life savings and bought inflated stocks on part-payment plans, and were subsequently made the prey of the Wall Street racketeers—yes, they were “put on the spot” for them.

I realize that neither the Congress nor the President can restore the \$40,000,000,000 lost in stocks and bonds, nor reopen the hundreds of banks which have been forced to close their doors. Nor can there be restored the thousands of lives that this financial hurricane has destroyed.

Mr. Chairman, it is persistently claimed by the foremost economists of this country that such a recurrence can be prevented. You who have the interest of the country at heart will ask how. I shall give you my opinion, which is not only mine but that of a large number of well-informed, well-qualified men. First, by stopping all illegitimate issuance of stocks and bonds by authorizing or establishing some responsible body to pass on all such issues of stocks before they can be listed, advertised, and sold to the public.

Second, by stopping and making illegal short selling; that is, selling of stocks by professional gamblers and speculators in tremendous quantities which they do not own or possess. Third, by the prohibition of loans of stocks to such short sellers. Fourth, by prohibiting any floor broker to buy or sell for himself.

You may question whether Congress has the power and jurisdiction to enact such laws. I answer, “Yes; we have several ways that we can legislate against all crooked and ruinous gambling and thus eliminate it entirely.” This may be done without interfering with legitimate transactions of stock exchanges or their activities. I have introduced a bill, H. R. 6985, which imposes a tax of 5 per cent on all short sales. This, I know, will reduce to a minimum short selling. If, however, Congress does not wish to impose this tax of 5 per cent on all short sales, then it can consider another bill which I have introduced, H. R. 12171, which will prohibit the use of the post-office facilities and all other transportation and communication agencies, whether by telegraph, telephone, or radio, for these destructive transactions. If for any reason my bills or my plans do not meet with the approval of the House, the House can so modify or change either of my bills as it sees fit. If my bills or modifications thereof are not approved by you, surely there can be no objection to appointing a committee of five Members of the House, composed of men who are capable and unafraid to investigate and prepare legislation that will, in the future, prevent a few gamblers from throwing the Nation into a turmoil which is invariably responsible for demoralization of business and panic. I realize that representatives of these professional speculators will endeavor to show that short selling is not responsible for destroying prices, and that a financial crash is not responsible for destroying confidence in business and industry, but anyone who has given this matter any thought will—yes, must—come to the conclusion that their contentions are not borne out by fact and do not stand the test.

Mr. Chairman, I am of the firm opinion that if the House would only authorize the appointment of a committee, such as I have just mentioned for the purpose of investigating the stock exchanges throughout the country, the stock exchanges will immediately begin, for their own protection, to adopt rules and regulations to eliminate the present destructive tactics and practices. [Applause.]

Yes, Mr. Chairman; if the great and powerful financiers, whom this administration and Republican Party serves with such devotion, instead of continuously making tremendous loans to foreign nations reaching into hundreds of millions would be appreciative of the service and aid you render them, and give

the market only partial support, they could easily stop the disastrous decline and stabilize the market and reestablish confidence, thus saving you from the deserved charges that the Republicans are incompetent of protecting the country's interest.

Mr. Chairman, this morning I have received several telegrams which again encouraged me to take the floor on this question. This is a sample:

Congressman A. J. SABATH,

Washington, D. C.:

Feeling your action November 12 had considerable to do with stock-market recovery, would suggest similar move at this time. Business conditions as well as general financial status of United States certainly does not justify present low stock prices on many issues and believe that concerted bear action coupled with indifferent attitude banking interest at this time responsible for this sinking spell.

OTIS B. DURBIN.

Mr. Chairman and gentlemen, I now take pleasure in introducing a resolution authorizing the appointment of a committee composed of Members of this House to investigate these ruinous practices I have briefly explained; therefore will not insert it.

Mr. Chairman, no doubt the Wall Street publicists will, as I have stated, contend that short-selling is not responsible for “crashes” and panics. I have in my hand extracts from the Wall Street Journal and at least a dozen of the foremost newspapers of Monday's and Tuesday's issues stating that “the break in the market was due to the bearish professionals, who returned to the attack with more vigor than they had displayed in the current reaction.”

The other newspapers use less diplomatic verbiage and say that the break in the market was due to the tremendous short selling. Mr. Whitney, president of the New York Stock Exchange, some weeks ago stated that upon investigation in November it had been found that the amount of borrowed stocks on the part of the shorts was inconsequential in proportion to the stocks listed. To him five or ten millions of shares is not enough to break the market, to my mind. Throwing on a hesitating market three to five million shares of all kinds of stocks has and does bring about a break; yes, a crash.

Mr. Chairman, I have before me a report showing the millions that have been made on the part of certain shorts in November, and I believe the same forces doubled their unholy profit during this present “crash.” I ask why should this be permitted to the detriment of the Nation?

Mr. Chairman, and ladies and gentlemen, I wish to call your attention to an article which appeared in the United States Daily, the headlines of which read:

Depression said to aid activities of communists—House committee informed that agitation is most dangerous during times of depression. Communist activities in this country are more dangerous now than ever before, according to testimony on June 18 before the special House committee investigating the question, by Walter S. Steel, of Washington, D. C., general manager of the National Republic Magazine. Mr. Steel told the committee he believed the reason lies in unemployment, and that communists do most of their work at depressed periods.

A few days ago we appointed a committee to investigate communistic activities in our country. It is a general opinion that in lieu of that committee we should have appointed a committee to investigate conditions that bring about or are responsible and aid communistic activities, but I feel that this is not recognized by the leaders of this House.

The power and the arrogance on the part of the New York Stock Exchange, according to an article in one of the large daily newspapers, is such that they have even barred newspaper reporters from their rooms because some of them have written articles that are displeasing to the officialdom of the New York Stock Exchange. I feel that some day, in the interest of our country, enough men will be elected that will be unafraid to legislate this Wall Street plunderbund out of existence.

I herewith insert an article written by Albert Newton Ridgely, which elaborates and explains more intelligently the workings of these manipulators suggesting certain preventatives. I hope that Members will find time to read it. I assure you that you will appreciate it:

PREVENTABLE PANICS

(The preventives are respectfully submitted herein to the honorable Senators and Congressmen of these United States for their consideration and action.)

FOREWORD

There are persons who say, perhaps cynically, that the recent stock-market panic means nothing more than “a change in ownership of luxury money.” And there are serious-minded financiers who profess to believe that the loss of at least \$15,000,000,000 (by theft) from the American public will prove, in the end, an excellent thing not only for Europe but for the United States. These gentlemen hold that “defla-

tion" was necessary to reestablish finance on a sound basis, and to send people back to their legitimate work.

Be this as it may, certainly more than 5,000,000 and probably 10,000,000 persons, in all financial strata, were made to suffer acutely by the collapse of paper values. It has been said that their own optimistic stupidity was to blame. Even so, is that any valid argument to justify the deliberately encouraged superinflation, masquerading as "prosperity," without which there could have been no panic? Should these alternate periods of inflation and collapse, immensely profitable to the few, but at terrific cost to the many, be permitted to continue, when both are so easily preventable?

There are those who believe that panics just naturally happen. There are others who know they are made to happen. In either case such occurrences can effectively be rendered impossible. The ensuing article will clearly demonstrate this.

"Short" selling (by amateurs), in connection with the income tax law making exempt the profits on capital increase, was in large measure responsible for the prolonged inflation. And bear raiding (by professionals) accelerated and intensified the collapse. But although this short selling was an important contributory factor in all that happened, it was only in minor part the cause. The underlying reason for the panic was that the biggest banking groups and capitalists had sold out to the public.

The masses are totally inexperienced and completely ignorant of the various concealed methods employed in Wall Street, whereby outsiders who speculate are inevitably ultimate losers; as very frequently also are bona fide investors. Overcapitalized "listings" and their marketing; such watered stocks as well as dishonest "splitups" and "mergers" which have as their only object the "distribution" (sale) at high prices; the lure of "activity" and inspired optimism, and the maintenance of artificial markets on which to sell—these are only a few of the devices which the public fail utterly to comprehend.

Of course, the overwhelming damage has been inflicted, but a recurrence of malevolent activities—and the consequent panic in which those interests who sold at the top buy back desirable stocks at the very lowest prices—can be made impracticable.

There are many both able and honest men in the National Senate and the House, and undoubtedly there will be an effort at legislation this winter to protect the investor from future Wall Street depredations. The organized and combined power of successful cunning and unlimited wealth may defeat these efforts for relief. But there will be introduced and argued several, possibly all, of the following preventives, every one of which can be made practical and highly efficient, every one of which deals a blow to chicanery and deceit, and not one which is in any way destructive of intrinsic values or legitimate enterprise.

THE PREVENTIVES

(1) Prohibit the sale of the property of a third party (without his consent) to a second party by a first party, i. e., short selling.

This is not at all experimental. It has been enforced not only in London and Paris with most satisfactory results, but was done by the New York Stock Exchange some dozen years ago at a time of impending threatened demoralization, with complete success—after favored banking groups and insiders had accumulated their full lines and really wanted to avert further pressure.

Selling "short" is, briefly, to sell stock you do not own, trusting that you will be able to buy lower at some later date and then making the delayed delivery. Whatever the short seller gains, obviously, either the original owner or the buyer must lose. But if outsiders sell short, as they did heavily late in 1926 and throughout 1927, the penalty usually is drastic. The manipulators at that time, knowing the income tax law would keep investment stock off the market, proceeded to mark prices upward, higher and still higher, until the margins of those venturesome outsiders (the public) were exhausted. Thus at least was initiated the period of wild inflation, a direct result of the wrong people selling short. Similarly, later, the extreme record highs of many stocks were made by forced short covering.

Of course, short selling widens the range of fluctuations and adds to commissions, and is claimed by brokers and traders to act as a cushion or stabilizer in declining markets. All Wall Street (self-interestedly) is impressed with this monstrous fallacy. So far from being a "stabilizer," except on very rare occasions, it steadily depresses prices in a weak market and brings panics to their acute stage.

Manipulation and collusive bear raiding explain the repeated violent attacks in the November collapse, and the forcing of the market to new low levels until the investing public had no available money to buy. Then, after favored capitalists had replaced their stocks and acquired their complete lines, the Stock Exchange issued a much belated warning against short sales; and the mere rumor that these were to be stopped ended the panic and sent stocks up 10 points that day.

Another specious and superficial argument is that investors should have the right to sell short against their safe-deposit holdings. They should have no such "right" in justice or equity. An eminent financier and esteemed "philanthropist" is said to have garnered two hundred millions within three months by actually selling short against long investment stock. He was within his present legal rights.

But having sold a vast quantity of stocks to the gullibles, would this "financier" have been logical (or human) had he not desired those stocks to fall and to fall sharply? For the obvious reason that he might repurchase them on a cheap-investment basis. In a case, selling short instead of long stock substantially reduced his income tax, and—doubtless of more importance to him—kept his activities obscured. This is the pernicious type. At present it is any man's right and privilege under the law. But it is a wholly unfair status which permits transactions of such magnitude, affecting the actual welfare of the country, to be done in strictest secrecy and under cover.

Prohibit short sales and you will surely block destructionists—you will deal a heavy blow to ruinous manipulation—and you will go very far toward preventing future depression and panics.

(2) Amend the income tax law to the extent that the profits or losses on stocks, if unsold, shall be based on the prices at which same are quoted at the end of each calendar year; or to prevent downward manipulation, at the average price of the year. That is, if stocks previously acquired are not sold during the year, but are carried over instead of being tax exempt as now, the tax shall be computed on the then price of the stock, or the capital increase each year per se.

The present unjust and short-sighted system was one of the main reasons for the prolonged and shameless inflation. Very rich people who had enormous profits a year or more ago were in a sense locked in, for if they took those profits they would have had the heavy Federal surtaxes to pay. Of course, they could have sold short against long holdings, as many of them did. But the average investors do not readily understand or avail themselves of short selling. The investment public simply and blindly hold on. A tax enforced against accrued profits, or capital increase on stocks, would remedy this and result automatically in the gradual marketing of stock as it advanced above the real investment value.

Incidentally, such an amendment would make it impossible for astute capitalists to scale down their surtaxes by selling short. If they, for instance, netted 90 points on short sales, they will have a tax on 90 points to pay. But if they had sold actual long holdings instead, they would have had a tax on at least double that to pay.

It has actually been suggested, with unbelievable effrontery, as a means of removing this conceded cause for inflation and dishonest profit, to eliminate the tax on capital gains altogether, even if the stocks have been sold. In other words, to make the profits of the organized few, the certain winners, tax exempt, the while prohibiting the public, the certain loser, from deducting stock-market losses! This amazing proposition is monstrously preposterous, but the paid lobbyists will try to enact it into law. As we have pointed out above, the only equitable way to remove a very potent cause of inflation is to tax the capital increase on stocks.

Enact a law to prevent the "split-up" schemes, the most effective of all devices to hoodwink and exploit the unsuspecting and optimistic investor. Scores of examples could be given of the split-up's pernicious workings, but the shameless manipulation of radio stock will suffice to illustrate. Up to the present time never intrinsically worth 200 at its best, radio was first boosted to above 300 against a stubborn short interest. Some of these "short" sellers, being rich men who really knew that the stock was dear at 200, refused to take their loss. Other students of values likewise sold short. Radio was finally marked up to about 550, and all the short sellers were ruined. Meanwhile the stock was being peddled out industriously, with the promise of "1,000 this year." But only very rich men can buy much of a stock at 400 or 500, and very rich men are not so easily fooled.

The clique was finding it exceedingly difficult to unload in quantity. Something had to be done. So radio was "split" into fifths; that is, 5 shares were issued for 1, and the new stock was brought out around 100. Thereafter, for a long time, radio fluctuated between 80 and 110, with enormous volumes near the higher figure and no end of favorable propaganda, while the stock was being steadily "unloaded" on the credulous public. Radio looked high at 400, but it looked cheap at 90. Very few of the buyers understood, or ever will, that they were getting only one-fifth of what they thought they were paying for. Finally the cliques had sold and the public were carrying the load. Then the panic. Radio fell to 26.

Moreover, before a split up of stock dividend many ignorant small investors, incredible as it may seem, embrace the delusion that the new stock will be worth the same per share as the old. They do not understand that the value is split in the same ratio as the shares. This is evidenced by the fact that a stock rises in anticipation of a split up, and that the new or split up shares usually decline.

Laws should, and doubtless will, be enacted to stop this method of exploitation. There is no valid defense for such split ups in any form, or large stock dividends which have the same object in view. If a stock sells at a price prohibitive to the small investor, fractional parts of a share can be issued and sold as such. This is the only fair procedure. The split up of stocks is a sales' scheme and has no other objective than "distribution."

(4) Curb the arbitrary over capitalization (and the subsequent sales to the public) of visionary prospects. This should be done by the

appointment of a Federal commission, experts in finance, law, and accounting, to check up and pass upon the many dubious listings which the New York exchanges now permit and indorse in endless profusion; in each case highly overcapitalized, and frequently with little intrinsic value, as recent events have amply demonstrated.

For illustration, three supposedly high-class stocks brought out in 1928 and 1929 by leading bankers, and thoroughly distributed at or near peak prices to a receptive and excited public, viz.: United Corporation, about 7,000,000 shares which have since fallen from 75 to 19; Electric Bond, nearly 10,000,000 shares, from 180 to 50; Commonwealth Southern, listed as 30,000,000 shares, from about 30 to 10 (with no bidders at 10). This shrinkage at the direct expense of investors, on these three recent listings alone, totals two thousand million dollars!

Of the legion of stocks not so highly sponsored, Combustion and Rumely will suffice to illustrate, each falling from above 100—near which price tremendous activity was artificially created—to well below 10. Some of the utterly worthless curb stocks, like Tobacco Products Export, which investors were persuaded to buy high up, have dwindled to below 1. Why are these listings allowed to transcend the blue sky laws?

Holding companies that are created for the sole purpose of marketing watered stock—near relatives to the fraudulent split up—also should be dealt with drastically. Alleghany, no par, highly sponsored, and vociferously advertised above 50, has fallen from 56 to 17.

Listing of all similar stocks, with the certain objective of sales at inflated prices to the public, should not be permitted to remain the prerogative and special privilege of the always arbitrary, sometimes biased or collusive, "listing committees" of the exchanges. This dangerous monopoly of privilege, immune as it is against all subsequent prosecution—when of right there should be a compulsory accounting to the ruined speculator and the despoiled investor—demands immediate attention and a stringent corrective. This is the most vitally important subject for legislation of any, to protect particularly the investor, who outnumbers the speculator 5 to 1.

Bankers and promoters, having kept their printing presses busy and pushed the boom to the limit, and having marketed their flotations for billions of dollars, may have stood aside and allowed events to take their own course. But some, overgreedy for more easy money, put the printing presses to work again and overreached themselves. Other bankers, more powerful and more astute, believed that if the speculative orgy continued much longer the world's entire financial structure might be imperiled. These latter gentlemen may have thought it best, for general business (and other reasons), to accelerate so-called deflation with its resultant stupendous losses and universal suffering and to get the whole unpleasant business over quickly. But be it noted that neither the prolonged and frenzied rise nor the precipitate fall was in the least inimical to their own interests.

Appoint an efficient Federal commission to pass upon all listings, especially industrials and holding companies, and you will do much to prevent these "brilliant" achievements of high finance; you will throttle the causes for inspired inflation and will go far in removing the incentive for panics, and their periodic or protean recurrence after favored capitalists have again distributed stocks to the public at highest prices, as ultimately they surely will.

(5) Impose a 3 per cent sales tax on all stock market transactions which may be regarded as gambling or illegitimate. This is in effect what we understand to be Senator GLASS's proposition, but somewhat milder and more practical. We believe the honorable Senator is a sincere and able statesman who understands finance and the machinations of Wall Street. He propounds a most potent and effective means to stop the brazen manipulation of stocks and day-to-day gambling. But what Mr. GLASS proposes is double-edged and may cut both ways, unless he desires to suppress marginal speculation practically altogether. In a general way we indorse his remedy, but beg leave to present it in the following modified form, subject to congressional revision:

A tax of 3 per cent on all stock sold within 60 days from the date of purchase, if the sale shows a profit.

And, absolutely, a tax of not less than 3 per cent on all "short" sales, if short selling shall continue to be permitted.

It would be manifestly unfair for the honest investor who was misled into buying steel common at 250 (really 400), or radio at 500, or any other inflated stock, and who hastened to sell out at a small loss, to be mulcted for a larger loss assessed by said tax. Moreover, in practice, such a tax on the outsider who had bought unwisely, would hold him for 60 days, vainly hoping, while his loss grew. It would lessen just so much his chance of escape from the exploiters, the system.

In many ways the measure is thoroughly commendable. It would effectively prevent outrageous manipulation and "wash" trading by making that vicious side of the scheme too costly. It would stop the enormous manipulative (matched) orders which are used for enticing in the unsophisticated and unwary at top figures. Pools and cliques could not be so ready to produce artificial activity in their specialties, at such an actual cost, in order to inveigle outsiders. In preventing

exploiters from marking prices up to ridiculously inflated levels, it actually would protect the public who speculate—and always lose.

Members of the stock exchange will object, of course, to paying what they will consider a confiscatory tax on the gambling money they make by "scalping" and "trading" under present conditions and to the loss in brokerage commissions. Contrary to the impression in some quarters, a large majority of these brokers are honest men, from an ordinary business standpoint, loyal to their clients, and their word is good. In panicky times, with customers' margins suddenly depleted and a gap which he has to bridge over himself, the stock broker's lot is scarcely an enviable one. To be sure, there is a dishonest element, some who go so far as treacherously to advise customers to buy worthless stocks which the insiders who employ them are anxious to unload. But these are a small minority. As a whole, the members of the exchange are a fine body of men. But benefits to the entire people, and justice, should not and can not of right be subordinated to the interests of a limited class.

In the "distribution" of any stock the pool usually buys half as much as it sells, to maintain the current price. The proposed sales tax would prove extremely irksome to this procedure. But 3 per cent on a part of the transactions is not too high a toll for the immense privilege of distributing inflated stocks throughout the land. It certainly would act as a powerful deterrent to wild and disastrous speculation and still allow a broad investment and legitimate market to exist.

Interfering only with the pernicious practices so prevalent, the sales tax might prove in some ways the best preventive of all. But if enacted into law to the exclusion of the rest, and then by any chance held by the courts to be confiscatory, nothing will have been accomplished. Our other preventives—and the suggestions to follow—can not be construed as confiscatory in any sense, and will stand up surely. They are all constructive, and they all should be enacted. Only those persons whose own selfish interests are affected, will object.

SUPPLEMENTARY SUGGESTIONS

(a) Compel Federal incorporation of the New York Stock Exchange and its protégé, the curb exchange, which transact, in volume of money represented, by far the greatest interstate business in the United States. The customers, or clients (and victims), of these exchanges dwell in every State in the Union. Interstate wires and the mails are used incessantly to create and carry on the business of sales and purchases with the public. Yet there is no supervision whatever over this vast, and often disastrous, trade. It seems that by insisting upon their status as "parallel to a private club," these exchanges are entirely above and free from any regulations; they have successfully resisted all suggestions and attempts at any control whatsoever. Were governmental regulation and supervision applied to them, most certainly neither the superinflation nor its aftermath, the panic, could have happened or been made to happen. But influence is stronger than argument and justified protest.

(b) Nationalize the blue-sky laws and enforce the existing postal laws, regarding the sale of semiworthless inflated stocks, with the same stringent treatment for all, whether they be introduced and marketed through the above exchanges or by less influential manufacturers of dubious "securities" elsewhere. The blue-sky laws so far have been used only to suppress—and convict—the comparatively petty offenders. Never yet have they been invoked for the prosecution of any stock value collapse or shrinkage emanating from the listing committees of the exchanges.

(c) Forbid absolutely, with drastic penalties, the monthly forms showing the financial condition of brokers' customers from reaching those men who manipulate prices at will. These forms, which are required by the stock exchange to be signed each month by each customer, and then submitted, show exactly the stocks and the margins in every individual account. They show if said margins are confiscatable and worth while confiscating. This is an iniquity of the worst character.

(d) Publication of the names of the buyers and sellers of stocks in aggregate large blocks, the principals—the same as is done in real estate—in order that the public may know when and what the big bankers and capitalists are actually doing, and not be deceived by misleading propaganda and a controlled press.

This may sound as impractical as "belling the cat," but it would provide a complete and perfect protection. For no great depression or panic is possible when capitalists, comprising the Wall Street system, are heavily long or are buying stocks on balance; and no advance can endure when capitalists are out of stocks or short of them. This is obvious and axiomatic, and beyond the province of argument. A completed—inside—"accumulation" is certain to be followed by rising prices; a completed "distribution," as was the case last summer and early in October, by falling prices culminating in panic. Basic and business conditions, earnings, prospects, etc., are entirely secondary to the one vital factor of just who holds the stocks.

Ticker suggestions, "inside tips," and inspired news gossip are irresistible, and are as destructive as they are seductive. They designedly mold the outsider into a receptive and enthusiastic mood at or near the peak prices, and permeate him with pessimism at lowest figures. The public always forgets that a bull campaign begins in gloom when

he and his kind are selling, and always ends in glory with not a cloud visible to him on the financial horizon. But if he could know what the insiders, the system, were doing, it would be another story.

Thus, although a seeming paradox, buying by the public, except on rare occasions, results in falling prices, and selling by the public in rising prices. As we have seen, in the late panic very many outsiders were buying all the way down, especially on the rallies (buying from insiders) and every rally was followed by new low prices. Not until this outside buying ceased entirely and even the recent bargain hunters were on the selling side, everybody giving up hope, supposedly even leading bankers, did the decline culminate.

"In all the stupendous works of nature there is nothing more sublime than the egotism of the man who expects to win when he plays at a game of skill which he does not understand and has for an opponent an expert who marks and stacks the cards."

THE UPAS TREE

Nothing in all America to-day is more essential than the curtailing of Wall Street's unique and absolute power over the fortunes and lives of men. It is the duty of Congress to do this, and to protect its constituents (even against themselves, as in the narcotic and lottery laws) from the transcendent chicanery employed in the marketing, at exorbitant prices, of endless stocks and bonds; many semiworthless, ultimately fading into near-nothingness. We have shown how it can be done, with justice to all. And in the same ratio as manipulation is reduced, other and natural factors are increased, and something approaching real speculative conditions, with a chance for everybody, may ensue.

Go into any home, and Wall Street has left its scar—some luxury or pleasure or even necessity must be painfully stinted because of losses in stocks. Go into any cemetery, for panics fill numberless premature graves with money-murdered, grief-maddened victims. Visit any sanatorium or asylum, and you will find Wall Street has contributed a large quota of pitiable sufferers. Inspect the prisons. Investigate bankruptcies. Stock-market gambling has helped mightily with both.

The pinch of poverty and the lash of misery Wall Street has in one way or another inflicted on nearly all of its followers; annihilation has awaited many. Even with those who have partially escaped the taunts of regret are maddening. And why all this pain and torture when it can be so easily prevented? Senators and Congressmen, will you not try to stop it? You can by enacting into law all or a major part of the preventives and suggestions dilated upon herein; and if you do the game will be made fair, the investor and the speculator protected, and future panics will be impossible.

EXPLANATORY

With supreme impudence and having a profound contempt for the mental processes of the public the predatory interests who were responsible for the panic have tried to pass the buck to Congress. They will endeavor in their own adroit way to hoodwink the masses that any business depression is the fault of Washington. This to divert attention and to put Congress on the defensive, "while the guilty escape." It is in line with the defiance and belittling a year ago by Wall Street's despots of the Federal reserve, which was doing its best to stop further wild inflation and avert an ultimate panic.

In the light of afterevents, the disastrous break of February, 1926, shows clearly that panics are made to happen. It can be seen now that the one and only reason for that terrific crash of all good stocks was (distribution having previously been completed) that high finance wanted to reacumulate at distress prices in anticipation of what it had planned to be the greatest bull market in history. And it did.

In October and November last the manipulated sharp rallies in a series of panics, alternately periods of hope and despair, and the optimistic assurances of prominent bankers meanwhile, obviously were to sell more stocks, likewise to give the public time to pawn their possessions, borrow on insurance policies, mortgage their homes—to raise money somehow—until the system had drained them of the last dollar.

And who gets this money that the public lose? A certain newspaper has named some of the "Market Makers" (eulogistically) who profited in the tens of millions, but with one exception is discreetly silent as to the real aristocrats of finance who profited (almost by direct theft) in the hundreds of millions. Why no important newspaper or magazine dares to publish the truth about Wall Street, or to advocate any reform to curb the rapacity of organized greed—why none dare say anything inimical to the interests of the stock exchange—is explained by the fact that the press are controlled and coerced—no newspaper could long survive an advertising boycott, or harsher measures if that failed.

Thus you, gentlemen of Congress, those who are not chained by so-called conservatism, are the arbiters, and the only hope for the protection of the masses from Wall Street's malevolent (not benevolent) despotism. We have not the ability nor the power of language to do our case full justice, but we have supplied the technical knowledge and the facts. There are some who may fancy there is an ulterior motive (personal profit) for our appeal. The chances are that this brochure will be killed by silence. But if perchance the contents should obtain publicity and the preventives be enacted into law, the writer will be a marked man for conspiracies to embarrass, if not com-

pletely ruin. No one can interfere, single-handed, with any criminal "racket" without damaging reprisals. What then to him who seriously obstructs this greatest of all rackets? And, on the other hand, we know full well the utter thanklessness and cynicism with which in any event our effort and hazard will be repaid. The motive then, if it needs explaining, Quixotic perhaps, is simply the desire to do one good deed, one good action, for the lasting benefit of ordinary men before the final dusk shall gather and the final darkness fall.

ALBERT NEWTON RIDGELY.

On December 4, 1910, the New York World said: "A. N. Ridgely has been in business for many years. At times he has enjoyed the confidence of the biggest operators in Wall Street in creating interest in new market conditions."

Mr. WASON. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. KADING].

Mr. KADING. Mr. Chairman and members of the committee, I fully realize that the speeches that are made on the floor of this House very seldom change the frame of mind of the membership. Each Member exercises his best judgment in the performance of his duties as he understands them. The membership usually is informed upon the public questions that come up for consideration in the House before the legislation itself is reached on the floor of the House and the position of the Member is seldom changed by a lengthy debate. I ask your indulgence, however, for just a few minutes on what I consider to be one of the greatest problems confronting the American people to-day with the hope that I may get you to think along certain lines. It is but natural for us to reflect at this time in the closing days of this session of Congress about what if anything that should have been done has not been done. The Declaration of Independence and Federal Constitution makes it plain that this is a government of, by, and for the people; and that the people have a right to change its laws and form of government whenever they consider it necessary and advisable. Realizing this, I believe it is our duty as Representatives of the people to reflect the sentiment and the wish of our constituency as we believe it affects them, and as we believe the majority of them want us to exercise our judgment.

The question that I have in mind which I consider an important question is the dry and wet question. Day after day big men who formerly were of the opinion that the eighteenth amendment is a permanent part of our Constitution and that the Volstead Act is a law that is to remain on our statute books are coming out and publicly declaring that they have changed their minds.

I hope the result of recent primaries held in different sections of the country have brought to your attention the fact that this question is a live one and that we should look upon it as such and consider it fairly and impartially. In the early part of this session a great many speeches were delivered upon this floor for and against the eighteenth amendment. When the Judiciary Committee finally started to hold hearings, the membership of the House ceased to discuss that question on the floor. Lengthy hearings were held by the able Judiciary Committee, and it was the hope of those of us who believe that some legislation should be reported, that that committee would report out some legislation which might be considered on the floor of the House.

It is to be regretted, however, that thus far that committee has not reported out any legislation looking toward a liberalization of the prohibition laws so that a vote might be had upon this floor and a record made as to the membership, showing how they stand on this highly important and controversial question. I believe, my friends, that it is a question in which the American people are vitally interested. With the metropolitan press advocating the wet side of the issue at all times, our people at home gain the impression that the entire country is wet, and that Congress, for no good reason refuses to permit liberalizing legislation to be considered.

I introduced a bill to modify the Volstead Act, permitting the manufacture, sale, and consumption of light wines and beer. Other Members introduced similar bills. This bill, I believe, conformed to the wishes of my constituents as expressed by an overwhelming majority in a referendum held pursuant to the law of my great State.

I have reached the conclusion that it is the desire and the wish of a very great number, if not a majority of the people of this country, that the eighteenth amendment and all Federal laws enacted thereunder should be repealed.

I want to say to you, my colleagues, that a vote on prohibition legislation during this session of Congress is not necessary to show my constituents where I stand, as they all know my position in the matter. The people of my district have had occasion twice to indirectly express themselves on the prohibition

question, and it is true that a large majority voted, by a large vote, in favor of wet legislation; my constituents know where I stand on this proposition; they know that I will reflect their wishes in favor of wet legislation. Therefore, it is not so important to me individually, but as one who believes that it is the duty of a Representative to reflect the will of the majority of the people, I feel that it is important that this Congress should give this matter very careful consideration and make possible a record roll call vote on prohibition legislation so that every citizen in the Nation will know how his Representative stands.

I have always felt that national prohibition was a mistake and that the liquor question is one that eventually should be left to the various States; and it is my sincere hope that this will be done in the near future so that States may be wet or dry as they choose. Therefore I say, my friends, that I hope that before this Congress adjourns our Judiciary Committee will see fit to report to the House some legislation on the subject. I care not whether it is legislation to repeal the eighteenth amendment or to modify the Volstead Act or to advance the resolution recently introduced by the gentleman from Illinois [Mr. MICHAELSON] to repeal the eighteenth amendment and leave the liquor question entirely in the hands of Congress, or whether it is a resolution authorizing a national referendum to be conducted by the various States. Any of these propositions would be satisfactory to me, because I believe it is our duty to give the people of our country an opportunity to express themselves on this question, and when they have expressed themselves it may be found—and I am quite certain it will be found—that many Members of this House who now believe that their constituencies favor dry legislation will change their minds and find that there is a great demand for the repeal of the eighteenth amendment, or at least a modification of the Volstead Act.

The people, in my opinion, have the right to express themselves on that question. It is an easy matter for us to give them that opportunity. If it is not considered proper at this time to advocate or to vote upon a repeal of the eighteenth amendment or a modification of the Volstead Act, then I believe that it is at least proper and high time that we should give the people an opportunity to express themselves in a referendum. They have a right to such an opportunity, and if they are given that opportunity then the Members of the House will be in a position to know how their constituents really stand. And if it develops from such a referendum that this Nation is wet, or that it believes the liquor question should be handled in some other way than at present, then the membership will be in a better position to pass upon the whole question.

I believe that our duty here is to reflect the sentiment of the people whom we represent; and I sincerely hope, my colleagues, that before this Congress adjourns, our Judiciary Committee, consisting of able men, will see fit in all fairness to report out some legislation along the line I have indicated here, and that the House and Senate will act upon the question before Congress adjourns. [Applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. WASON. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. EVANS].

The CHAIRMAN. The gentleman from California is recognized for 10 minutes.

Mr. EVANS of California. Mr. Chairman and gentleman of the committee, the suggestion has been made with reference to the Boulder Dam item in the second deficiency appropriation bill now under consideration that the city of Los Angeles should ratify by a vote of its electors the contract entered into between the Government through the Secretary of the Interior, for the purchase of power to be generated at the Boulder Dam. There could be no objection to requiring the city to ratify this contract by a vote of its electors, if by so doing the Government would be better protected in entering into the contract, although it would cost the city probably \$150,000 to \$200,000 to hold such an election and would delay the beginning of the construction of the dam several months. We maintain most earnestly, however, that there is no law or authority under which the ratification of such a contract is authorized, and that such vote of ratification would be an idle and useless thing.

Section 18 of article 11 of the constitution of the State of California provides:

No county, city, town, township, board of education, or school district shall incur any indebtedness or liability in any manner or for any purpose exceeding in any year the income and revenue provided for such year, without the assent of two-thirds of the qualified electors thereof, voting at an election to be held for that purpose, nor unless before or at the time of incurring such indebtedness provision shall

be made for the collection of an annual tax sufficient to pay the interest on such indebtedness as it falls due, and also provision to constitute a sinking fund for the payment of the principal thereof on or before maturity, which shall not exceed 40 years from the time of contracting the same * * *. Any indebtedness incurred contrary to any provision of this section shall be void * * *.

Mr. DOUGLAS of Arizona. Will the gentleman yield?

Mr. EVANS of California. I yield.

Mr. DOUGLAS of Arizona. I want to call attention to the provisions of the contract which provide for the payment of rental.

Mr. EVANS of California. I only have 10 minutes. If the gentleman will ask a question, I will be glad to yield, but he will have his own time within which to make a speech.

Mr. DOUGLAS of Arizona. What has the gentleman to say with respect to the rental which must be paid in 10 years for occupancy of the generating equipment for a period of 50 years?

Mr. EVANS of California. That is a part of the service for which the city agrees to pay 1.63 mills per kilowatt-hour.

Mr. DOUGLAS of Arizona. Does the gentleman construe that rental to be within the 1.63?

Mr. EVANS of California. The gentleman certainly does.

Mr. DOUGLAS of Arizona. Or does the gentleman construe the language of paragraph 10 of the contract, which is labeled "Compensation for generating equipment" in another way? The compensation for the use of falling water is another paragraph of the contract and does not refer in any way to the rental to be paid in 10 equal installments.

Mr. EVANS of California. The gentleman has his own time within which to make a statement, and I will appreciate it if he will allow me to complete my thought.

It is clear that the purpose of the foregoing section of the Constitution is to authorize the State through legislative action to provide a way for the incurring of indebtedness and raising the money to liquidate the same by issuing bonds when two-thirds of the qualified electors of the city vote in favor thereof. Pursuant to this section the legislature of the State of California enacted what is known as the 1901 bond act under which municipalities are authorized to incur bonded indebtedness for certain defined permanent public improvements, such as water works, sewers, or other fixed municipal improvements, through which public service is administered to the people of the city.

Under the terms of the contract between the Government and the city of Los Angeles for the procurement of electrical energy to be generated at Boulder Dam the city of Los Angeles is not procuring a municipal improvement, but rather a form of service; that is to say, the city of Los Angeles agrees to pay a certain rental, to wit, 1.63 mills per kilowatt-hour for electricity to be generated by water flowing over a turbine; or, in other words, the use of a certain amount of water sufficient to produce a minimum amount of electrical energy.

It is in no sense a public utility or public improvement, but merely a service for which the city agrees to pay a monthly rental.

This question was construed by the Supreme Court of the State of California in the case of the city of Redlands against Brook, reported in One hundred and fifty-first California at page 476. In that case the city of Redlands issued bonds to pay a private company for lighting the city. The Supreme Court of the State of California held that such a service was not such an improvement as contemplated by the bond act of 1901, which authorized municipalities to issue bonds for permanent municipal improvements, but that it was to pay expenses for a service to be furnished the city. It is exactly the same in principle as the Boulder Dam contract.

Mr. SWING. Will the gentleman yield?

Mr. EVANS of California. I yield.

Mr. SWING. The gentleman was for a long time a city attorney in California and is familiar with the laws applicable to the cities of California. I am interested in the statement he has made and have been much impressed by it. As I understand it, the gentleman said there is no law in the State of California which authorizes a vote by the electors of a city on this kind of a contract, because, first, it is not a contract for the acquirement of any permanent improvement.

Mr. EVANS of California. Exactly.

Mr. SWING. But for current expenses from month to month in the purchase of what might be termed energy.

Mr. EVANS of California. Exactly.

Mr. SWING. Second, that it is not for the acquisition of property but for services that are rendered either in the form of falling water or for the rental of a power plant and machinery. In the third place, that there is no authorization for this kind of an election because the findings of the Secretary of the Interior, the findings of the board of commissioners of the bureau of light and power, and the findings of the

city council are that they will have current revenues sufficient to meet these expenses from time to time as they arise, and, therefore, it would be untrue should they undertake to adopt a resolution saying that the indebtedness proposed in this contract is in excess of the anticipated revenues.

Mr. EVANS of California. Exactly. As I attempted to state, before incurring such indebtedness the city council must through an ordinance find and resolve by a two-thirds vote that the ordinary annual income and revenue of the city is insufficient to meet this obligation, and that is refuted by the annual income of the bureau of power and light of the city of Los Angeles at this time, because it is shown by an audit made by a responsible authority, Price, Waterhouse, I believe it is, that the annual income of that department, over and above operating expenses at this time, is \$3,626,972. That is based upon the purchase at this time from the Southern California Edison Co. of electricity at a cost of \$3,422,000, which will be supplied by the power that will come from the construction of this dam, at the rate I have quoted, for \$2,427,000, which will augment the annual net income of this department to \$4,622,604. That fact absolutely precludes the city from making a finding such as is required under the bond act. So I say that beyond any question the city of Los Angeles could not legitimately authorize the issuance of bonds for the payment of this service for two reasons, first, because it is not a permanent improvement; and is not such an improvement as is contemplated in the bond act; it is not for the purchase of a municipal improvement or for a definite and fixed thing but it is for a service, and for the further reason that the revenue of the city is more than sufficient to pay for it.

Mr. SWING. And to hold such an election would add nothing to the rights of the Federal Government and would merely be a straw vote.

Mr. EVANS of California. It would merely be an idle gesture. That is all.

It has been further suggested that the validity of the contract is questionable by reason of the claim that the city would not have sufficient annual income to meet the annual payments incurred by the contract.

This premise can not be maintained, for the reason that it can be and has been thoroughly demonstrated and proven that the city of Los Angeles, through its bureau of light and power, has an annual net income of \$3,626,972.23, and that when it is able to avail itself of the power at Boulder Dam at the rate specified in the contract this income will be augmented so as to amount to \$4,622,614.23, even on the basis that no additional consumers are taken on its distributing system.

The annual payments called for by the contract to be made to the Government amount to \$2,427,000. Thus it will be seen that there is no legitimate reason why the city should be required to vote or issue bonds, even if it had legal capacity to do so, to meet the payments of a contract of this kind.

The Secretary of the Interior, after thorough investigation, has determined that the income of the city, through its bureau of light and power, is ample to meet all payments called for; and this finding would preclude the city council of the city of Los Angeles from determining that the contract calls for payments too great to be met out of the ordinary annual income and revenue of the city, which finding by the council is necessary jurisdictionally before bonds could be authorized.

Hence it appears conclusively, first, that the contract is not such as is contemplated and covered by the bond act, and second, that even if it were there would be no basis for the city determining that the issuance of bonds to meet the payments was at all necessary.

It has been further suggested that the contract between the Government and the city for power at Boulder Dam is similar to a contract entered into between the Edison Co. and the city in 1919, whereby the city purchased from the Edison Co. a distributing system and also a certain amount of power, with a provision that the city of Los Angeles reserved the right to sell back to the Edison Co. its surplus power which it anticipated would be later coming in from other sources.

This contract was submitted to the electorate of the city for ratification.

The difference between the contract with the Edison Co. in 1919 and the contract now made with the Government for Boulder Dam power is readily distinguishable. The contract with the Edison Co. called for an immediate payment to the company of \$11,000,000 for an electrical distributing system—a permanent public improvement. Neither the city nor the bureau of light and power had the ready cash available, so a bond issue was necessary.

The contract further provided for the sale back to the Edison Co. of surplus power to be resold outside of the city of Los Angeles. There is a charter provision that provides that the city can not make such sale of power in bulk without the assent of two-thirds of the electors of the city. Hence in the Edison contract it was necessary to submit the same to the voters for the purpose of raising the money to pay for the distributing system, and, second, to meet with the charter provision which requires that such a contract must be submitted to the voters for approval.

The contract with the Government on Boulder Dam power does not call for any immediate payment. It does not provide for the acquisition of any permanent municipal improvement. It only provides for the procurement of a service as a current expense under which no provision of the law or the charter of the city of Los Angeles is required to be ratified by a vote of the electors. The suggestion is made that the present contract obligates the city of Los Angeles to construct a power line at the cost of \$30,000,000. It is true that the power line will have to be constructed when the power is available, but that is to be met some six or seven years in the future, and it is the finding of the Secretary of the Interior that the bureau of light and power will have accumulated from its savings a sufficient amount to construct the line, but in event no such accumulation has been made, the city of Los Angeles can then vote bonds for that purpose. There is now no premise of immediate indebtedness being created which would justify the city of Los Angeles to call or hold an election to provide bonds for the building of this power line. It could not under the law of the State of California at this time provide for the issuance of bonds for the proposed power line, because there is no indebtedness created at this time, and it is only for the purpose of meeting an indebtedness that the city is authorized to issue bonds.

The further criticism has been made of this contract on the basis that it has not behind it the taxing power of the city of Los Angeles to insure the payment of installments called for therein.

We maintain that in the first instance the revenue of the bureau of light and power is ample to meet these installments and insist that if at any time the revenue from said bureau is insufficient power lies within the bureau to increase its rates so as to provide sufficient revenue to meet all payments called for.

Section 224 of the Los Angeles city charter provides:

The rates for service from the municipal works for or on account of which any such indebtedness is incurred shall be so fixed as to provide for payment at maturity of the principal and interest of such indebtedness in addition to all other obligations and liabilities payable from the revenue fund pertaining to such works.

It will readily be seen that under the section of the chapter just quoted mandamus proceedings would lie against the bureau to fix a rate which would be adequate to pay at maturity principal and all interest of any indebtedness in addition to all other obligations in event the bureau should fail in the first instance to provide such revenues.

In other words, the Government would have legal authority to proceed to force the city of Los Angeles through its bureau of light and power to fix such rates for service as would be adequate to raise sufficient funds to meet all obligations of the bureau.

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. TAYLOR of Colorado. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Chairman and gentlemen of the committee, when the experts on the Boulder Dam problem were talking about falling water I could not help but think of the New Jersey election. I rather agree with the thought of the gentleman from Wisconsin [Mr. KADINE], who says it is time Congress took a vote on the wet and dry question so that the people might know how we stand. Congress is afraid to vote on the question, but the people are not afraid to vote. We could well consider a modification or a repeal bill at this time instead of portions of this deficiency bill. The New Jersey election made this section of the deficiency bill absolutely unimportant. I am glad to see that the Member from New Jersey is here. No matter how dry you are we will always miss you. [Applause.] I refer to this provision of the deficiency bill:

Investigation of enforcement of prohibition and other laws: For continuing the inquiry into the problem of the enforcement of the prohibition laws of the United States, together with enforcement of other laws, pursuant to the provisions therefor, contained in the first deficiency act, fiscal year 1920.

That is unnecessary in view of the expression of the Republicans at the polls in the great State of New Jersey. The Atlantic Ocean has come into its own again. New Jersey is again wet.

The dry debacle of New Jersey should end appropriations for continuing the Wickersham committee's inquiry into the noble experiment that blew up. It is not the purpose of government to find out what the people will submit to, but what the people want.

We are carrying \$250,000 in this bill for the Wickersham committee, yet we know from New Jersey and the Literary Digest poll that the people want that prohibition farce to end. We do not have to spend a 2-cent stamp to find out that prohibition is sunk. Even Hoover, the dry chieftain, hurried to congratulate the wet Morrow on a wet triumph. The engineering mind certainly works in circles. We ought to make Hoover an honorary member of the wet bloc. Of course, we are not going to let him lead the bloc after what he has done to the prosperity of the country.

However, I suppose we will go ahead and appropriate this \$250,000 for Mr. Wickersham's committee. They have to spend it; let us see if they can make some use of it.

I would suggest to the Wickersham committee that if they get this money and they want to look into some ancient history about prohibition, make some antiquarian researches and let the public know why prohibition does not work, what is the matter with it, and how rotten it is; let them find out and publish the personnel reports that Doctor Doran has on Maj. Maurice Campbell, the prohibition administrator in New York City; on Andrew McCampbell, of Buffalo; on Edwin S. Ross, of New Jersey; and Colonel Herbert, formerly of Maryland. I think it would be interesting for the Wickersham committee to insist that these personnel reports be furnished to them.

Then let them go to New Jersey and find out what was the cause of a brawl in the prohibition office, where one Lido Pickett, a prohibition agent, who, I understand, is a brother of Deets Pickett, of the Methodist Board of Temperance, Prohibition, and Morals, was in some kind of a fight over some trouble about permits. Let the Wickersham committee find out why Doctor Doran covered up this fight in the New Jersey prohibition office.

Let the Wickersham committee go to New Jersey and find out why so many new perfumeries have come into being and why so many people are anxious to obtain withdrawal permits to get alcohol for perfumery manufacturing purposes. Let them find out where this alcohol goes. I wager—in fact, I am convinced—a great deal of the alcohol withdrawn on perfumery permits, particularly in New Jersey, has found its way into the hands of the bootleggers.

The Wickersham committee might also, with its present funds, immediately find out just what the industrial-alcohol companies have to do with denaturants. I understand that the Government's denaturants are based on formulae provided by the industrial-alcohol companies, and in some way or other the bootleggers find out from the industrial-alcohol companies how to take out the denaturants. This would be an interesting avenue of investigation for Mr. Wickersham's committee.

Mr. O'CONNELL. Will my colleague yield?

Mr. BLACK. I yield.

Mr. O'CONNELL. What has been the total appropriation to this commission?

Mr. BLACK. Oh, I do not recall. Whatever it is, it has been wasted.

Mr. O'CONNELL. It is enough, anyway, is it not?

Mr. BLACK. Yes. Let the Wickersham committee find out how much of Government funds is going into the secret spy service which Doran has on Lowman and Lowman has on Doran. Let us find out about that. Instead of investigating criminals, they are investigating each other. This would be an interesting report for the American people as long as we have to spend this money on prohibition.

It might be interesting to find out how the State of New Jersey has become the haven of bootleggers; how it has become the center of the bootlegging trade; and what is the matter with enforcement in the great State of New Jersey. This would be interesting for the Wickersham committee. The people of New Jersey have said they do not want the thing. Now, let us find out what is happening in New Jersey with respect to enforcement.

Then there is another phase of law enforcement in which I have been particularly interested and on which the Wickersham committee could spend some money to good advantage. I have a resolution before the Rules Committee to investigate the subject of narcotic enforcement in the city of New York.

Recently some charges were made about narcotic agents. The very men who stood up and made reports in the public

interest are the men who have suffered. I think it is about time that the Wickersham committee or somebody else found out why Agents Connolly and Kelly, formerly of the narcotic bureau of New York, who testified truthfully and manfully as to conditions, had to suffer for their efforts in the public interest.

It might also be well to find out how little real enforcement of the narcotic law there is in New York under the new narcotic chief Mr. Anslinger, formerly a career man in the State Department. Some of the narcotic agents in New York have been taking the money of the Government and have gone out and bought chalk instead of narcotics in a so-called effort to apprehend criminals. I understand the narcotic agents in New York are having a fine time in speak-easies, instead of going out after the big narcotic peddlers. I understand since Mr. Anslinger has been in charge and since the honorable agents have been held down or dismissed from the service or removed to foreign territory there has been no sizable arrest and no sizable seizure of narcotics in the city of New York.

These things the Wickersham committee could do. They do not have to find out whether the public wants prohibition. Everybody knows quite well that the public does not want prohibition, and I say that so far as this House is concerned let us stop making these idle gestures in appropriating money to find out how prohibition can be enforced. Let the House be logical and sane for a change and let it realize that the House is only the servant of the public, that the public has spoken, and that this farce should end.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WOOD. Mr. Chairman, I yield 20 minutes to the gentleman from Illinois [Mr. DENISON].

Mr. DENISON. Mr. Chairman, most of us are getting inquiries as to when Congress is going to adjourn. [Applause.] I am sure all of us want to adjourn as soon as we can. We have all worked hard, and most of us are tired and want to get to our homes, and some of us to our primary elections.

The gentleman from Mississippi [Mr. RANKIN] has made several talks in which he urged that we should not adjourn until we have enacted legislation to afford additional relief to the veterans of the World War, who are in great need of relief.

As one Member on this side of the House I want to say that I believe that if that subject was of sufficient importance, and I am sure it was, to justify taking up the time of the House and the Senate in the consideration of veteran relief legislation, we ought not to adjourn until we have passed legislation of that kind. If we can just keep our heads and not allow political considerations to enter into the matter too much, I am sure that the House and the Senate can agree on veteran's relief legislation that will bring substantial relief to those of the veterans who are now in need of relief.

Now, I want to take occasion at this time to express my own view that we ought to go at the matter in a deliberate way and try and reach an agreement between the House and the Senate on veteran's legislation and pass it before we adjourn this session of Congress.

Mr. RANKIN. Will the gentleman yield?

Mr. DENISON. I am sorry I can not now for there are other matters I want to take up. I will say that I was agreeing in the main with the attitude of my friend from Mississippi that we ought not to adjourn until we have passed legislation for the benefit of the veterans.

Mr. RANKIN. That is an answer to the question which I wished to ask.

Mr. DENISON. There is no valid reason why the two Houses of Congress should not agree upon legislation that will meet the approval of the President and afford relief to that class of veterans who, for various reasons, can not obtain relief under existing law, but who are in such a condition of need or suffering that the Government can not afford to longer leave them without relief. I have hoped that the two Houses could agree upon the original Johnson bill, which would treat all veterans of the World War substantially alike with reference to presumption of service connection, and would remove many other injustices in existing law, or at least in the administration of existing law. And for those veterans who are suffering with certain constitutional diseases since 1925 which can not be service connected we ought to provide substantial pensions that would afford relief in every case where relief is needed. I know of no reason why this can not be done and I believe that such legislation would be approved by the President.

But whether we can get that kind of legislation or not, I am sure that if we will but approach the subject in the right spirit and with a view to doing our duty to the needy veterans, as well as to the rest of the country, we can, if we remain in session,

enact legislation that will fulfill our duty to those who served the country when their services were needed and who are now in need of assistance from the Government.

But, Mr. Chairman and gentlemen, that is not the only question of great importance that is before us. There is other legislation that I think we ought to pass before we adjourn. I think, as all of us must realize, that there is a very serious condition of unemployment in the country. I know it is true in the State of Illinois, and I know it is particularly true in that part of the State from which I come.

This is due to economic conditions; it is not the result of anything the Government has done nor anything the Government has not done. Everybody knows that it is a worldwide condition; serious unemployment conditions now exist in practically every country in the world.

Nevertheless, I think it is our duty as Representatives of the people to do what we can, and do it now, to relieve the conditions of unemployment if there is anything we can possibly do.

All kinds of schemes can be proposed that are unworkable and impracticable and unreasonable, but if there is a concrete proposal before us that will appeal to our reason and that will offer a reasonable hope of doing some good I think it is our duty to consider it and pass it before we adjourn this Congress.

Mr. HOWARD. Will the gentleman yield?

Mr. DENISON. Yes.

Mr. HOWARD. I want to know if the gentleman has in mind any suggestions. I am entirely in sympathy with him, but has he any suggestion for relief?

Mr. DENISON. I am glad the gentleman asked the question. We do have some definite proposals before us. We have S. 3059 and S. 3060. These two bills have passed the Senate and are now before the Judiciary Committee of the House.

Senate bill 3059 is an act to provide for the advanced planning and regulated construction of certain public works, for the stabilization of industry, and for the prevention of unemployment periods of business depression. This bill passed the Senate on April 28 and authorizes not to exceed \$150,000,000 in any one fiscal year for carrying out the purposes of the act.

Senate bill 3060 would provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes.

These two bills were prepared after much study and investigation by the Senator from New York, and since they have now been passed by the Senate, I think the House may well remain in session long enough to give them careful consideration and enact them into law. The Government can not, of course, give employment to all those who are unemployed in industry. The Government has no money except such as it takes from the people by taxes or borrows from the people by the sale of bonds. We still owe some sixteen or eighteen billion dollars, and the annual expenditure for operating the Government and meeting our current obligations amount to about \$4,200,000,000 exclusive of postal expenditures. But we have arranged plans for public construction along many lines. These works might well be expedited and unemployment relieved as far as possible. So long as we can carry out the useful and needed improvements in our rivers and harbors and needed construction of public highways and public buildings all over the United States, I think it would be the course of wisdom to relieve unemployment as much as possible by expediting these projected improvements.

One of the Senate bills provides for a general plan of coordination and cooperation between Federal employment agencies and State employment agencies which, it seems to me, is very much needed, and will be very helpful not only now but hereafter.

Mr. TUCKER. One of them, S. 3059; has been reported by the Judiciary Committee of the House.

Mr. DENISON. The gentleman from Virginia says that S. 3059 has been reported out of the committee and is now on the calendar. I have not studied these two bills very carefully. I have read them and given them some study, but it seems to me they at least present concrete and not very complicated proposals—proposals that deserve the consideration of the House. We ought to take time to discuss them, and I think we ought to pass legislation of this kind before we adjourn, because I believe these bills, perfected by such amendments as the House may think proper, would give some relief to the employment situation.

So I say that we ought to consider this question before we adjourn. The Senate is going to have to remain here to consider the naval limitations treaty, and I know of no reason why we younger legislators might not just as well stay here and pass this very important legislation before we adjourn. I appeal to the House and to the Committee to hasten consideration of these proposals, with a view of enacting something of that kind before we adjourn.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. DENISON. Yes.

Mr. RANKIN. I thoroughly agree with the gentleman, and as far as I am individually concerned I am willing to stay here all summer if necessary to work out some way of solving this unemployment problem.

Mr. DENISON. I do not know that I would want to stay here all summer; I do not think that is necessary. Of course, if I lived in my friend's State of Mississippi where it is so hot, I might be willing to do it; but I live in the very beautiful and very pleasant State of Illinois, and my home appeals to me so strongly that I want to get there as soon as possible.

Mr. RANKIN. Unless we do something to relieve the unemployment situation, it will be much hotter in Illinois than in Mississippi next fall. [Laughter.]

Mr. DENISON. If there is any prospect of that, I am willing to stay here all summer and solve the problem as far as possible. But Illinois is always fair in the fall.

Mr. RANKIN. I do not want to stay here all summer, but I am willing to join the gentleman and stay here until we work out some legislation that will help solve this problem.

Mr. DENISON. I join with the gentleman in that. There is other legislation that ought to be considered. Our committee considered for weeks the bill to regulate wild-cat transportation by motor bus, and we passed a very good bill. That has been before the Senate for some time. I am sure that we could dispose of it quickly if we could get them to consider it. It is an important measure, and I believe we ought to try to get that enacted into law before we adjourn. It is going to be a question of great importance.

There is another bill now before the House that has some important significance, and that is the so-called Couzens resolution. I do not think the House would approve of it in the condition in which it came here; but there are some important provisions in the resolution which we ought to consider and pass.

Laws providing for the unification of carriers, for the consolidation of carriers by rail, were several years ago enacted by Congress for the purpose of saving the so-called weak railroads that might have to be junked if they are not combined with stronger systems. The Interstate Commerce Commission, or some members of it, believe that under existing law they have the right, in permitting such unification, to protect the interests of the men employed on the railroad. However, that is more or less uncertain, and is not at all free from doubt, as they themselves say. Inasmuch as there is doubt on that question, I think Congress might well provide legislation that will confer upon the Interstate Commerce Commission ample authority in authorizing unification of rail carriers to see to it, in its orders and its authorizations, that the men employed on the railroads are not thrown out of employment. I think Congress may very well go that far and protect the men employed on the railroads without doing any violence to the public interest.

Mr. BRIGGS. Does not the gentlemen think that Congress could go further and protect the localities that have assisted in building up the railroads, where obligations have been made on the part of the railroads to maintain their offices and shops in that locality?

Mr. DENISON. I think Congress can well afford to do that, and I think we ought to do it. There is one thing further that ought to be done. I do not want to anticipate, of course, and I am not anticipating any action that may be taken by the Committee on Interstate and Foreign Commerce, that is giving the matter consideration at this time. The committee will, perhaps, take some action in the matter soon.

They have been giving it careful and serious consideration; but the holding company question is a matter of considerable importance, and I believe that Congress ought at this time to prevent any consolidation or unification of carriers through holding companies until we can complete our investigation of the subject and enact wise legislation which will put such holding companies under the jurisdiction of the Interstate Commerce Commission.

Mr. BRIGGS. Is it the intention of the gentleman's committee to report out the present resolution?

Mr. DENISON. I am not sure. I am not in a position to speak for the committee at this time. Final action will probably be taken by the committee to-morrow.

Then, Mr. Chairman, I think that the rivers and harbors bill, which the House passed some time ago, ought to become a law before we adjourn. This bill authorizes a large amount of public construction work in the improvement of various rivers and harbors. It is very important legislation and is now being considered by the Senate. I am sure the Senate will pass the bill this week. We ought not to adjourn until the two Houses have agreed and the bill approved by the President. This bill

carries one provision that is of very great importance not only to the State of Illinois but to the entire Mississippi Valley. It adopts the Illinois waterway project as a national waterway from the Great Lakes to the Gulf of Mexico. The Illinois River has heretofore been adopted by the Federal Government as a waterway project from its confluence with the Mississippi River to Utica. Some years ago the State of Illinois entered upon the project of improving that part of the river extending from Utica to Lockport, about 65 miles, connecting with the Chicago Drainage Canal.

The constitution of our State was amended by a vote of the people and \$20,000,000 was authorized for the purpose of making this improvement. That was done in 1908, but actual work on the improvement was not begun until after the World War. Five locks and dams are now being constructed by the State and are nearly completed. But on account of the advance in the cost of labor and materials the State can not complete the project and there is no possible way of obtaining additional funds for that purpose. We can not further amend our constitution to secure the funds. The pending rivers and harbors bill takes over the remainder of the Illinois waterway and authorizes its completion. The State grants to the Federal Government the work for which it has expended \$20,000,000 and the Government will receive in addition navigation rights through the Sanitary Canal, which cost about \$90,000,000. If this bill becomes a law, work on the locks and dams will continue and a great force of men will not be thrown out of employment, and the Nation will, within the next two or three years, have completed one of the most important navigation projects that we have. It is impossible to estimate the value that will accrue to the entire intermountain part of our country by the opening up of a commercial waterway from the Great Lakes to the Mississippi River and the Gulf of Mexico, and we ought not to adjourn until that bill has been passed and approved.

I wish to insert here as part of my remarks Senate bills 3059 and 3060, which I have discussed briefly, and which, I believe, ought to at least be considered as a basis for legislation at this session to aid the unemployment situation.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

S. 3059

An act to provide for the advance planning and regulated construction of certain public works, for the stabilization of industry, and for the prevention of unemployment during periods of business depression

Be it enacted, etc., That this act may be cited as the "employment stabilization act of 1930."

DEFINITIONS

SEC. 2. When used in this act—

- (a) The term "board" means the Federal employment stabilization board established by section 3 of this act.
- (b) The term "United States," when used in a geographical sense, includes the several States and Territories and the District of Columbia.
- (c) The term "public-works emergency appropriation" means an appropriation made in pursuance of supplemental estimates transmitted to the Congress under the provisions of this act.

FEDERAL EMPLOYMENT STABILIZATION BOARD

SEC. 3. (a) There is hereby established a board to be known as the Federal employment stabilization board, and to be composed of the Secretary of the Treasury, the Secretary of Commerce, the Secretary of Agriculture, and the Secretary of Labor. It shall be the duty of the board to advise the President from time to time of the trend of employment and business activity and of the existence or approach of periods of business depression and unemployment in the United States or in any substantial portion thereof.

(b) The board is authorized to appoint, in accordance with the civil service laws, a director and such experts and clerical and other assistants, and to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, for law books, books of reference, and periodicals) as may be necessary for the administration of this act, and as may be provided for by the Congress from time to time. The compensation of the director and such experts and clerical and other assistants shall be fixed in accordance with the classification act of 1923, as amended.

BASIS OF ACTION OF BOARD

SEC. 4. (a) In advising the President the board shall take into consideration the volume, based upon value, of contracts awarded for construction work in the United States, or in any substantial portion thereof, during the three months' period preceding action, in comparison with the corresponding three-month periods of the two previous calendar years.

(b) The board may also take into consideration the index of employment prepared by the Department of Labor, and any other information concerning employment furnished by the Department of Labor

or by any other public or private agency, and any other facts which it may consider pertinent.

PUBLIC WORKS EMERGENCY APPROPRIATION

SEC. 5. Whenever, upon recommendation of the board, the President finds that there exists, or that within the six months next following there is likely to exist, in the United States or any substantial portion thereof, a period of business depression and unemployment, he is requested to transmit to the Congress by special message, at such time and from time to time thereafter, such supplemental estimates as he deems advisable for emergency appropriations, to be expended during such period upon public works in the United States or in the area affected, in order to prevent unemployment and permit the Government to avail itself of the opportunity for speedy, efficient, and economical construction during any such period. Except as provided in this act such supplemental estimates shall conform to the provisions of the Budget and Accounting Act, 1921.

WORKS ON WHICH APPROPRIATION USED

SEC. 6. Public works emergency appropriations are authorized and shall be expended only—

- (a) For carrying out the provisions of the Federal highway act, as now or hereafter amended and supplemented;
- (b) For the preservation and maintenance of existing river and harbor works, and for the prosecution of such projects heretofore or hereafter authorized as may be most desirable in the interest of commerce and navigation;
- (c) For prosecuting flood-control projects heretofore or hereafter authorized; and
- (d) For carrying into effect the provisions of the public buildings act, approved May 25, 1926, as now or hereafter amended and supplemented, in respect of public buildings within and without the District of Columbia.

PUBLICATION OF INDEX OF EMPLOYMENT

SEC. 7. The Secretary of Labor shall prepare and publish monthly an index of employment, which shall indicate the condition of employment in the United States and in each substantial portion thereof.

PREPARATION OF INDEX OF EMPLOYMENT

SEC. 8. For the preparation of the index of employment there shall be made available to the Secretary of Labor, upon his request, statistics collected or compiled by any executive department, independent commission, board, bureau, office, agency, or other establishment of the Government. The Secretary of Labor is further authorized to utilize, to such extent as he deems advisable, statistics collected or compiled by any State or political subdivision thereof, or by any private, industrial, commercial, banking, labor, or other association or enterprise, and to obtain such additional facts and statistics as he deems necessary for such purposes.

ACCELERATION OF EMERGENCY CONSTRUCTION

SEC. 9. For the purpose of preventing unemployment during periods of business depression and of permitting the Government to avail itself of opportunity for speedy, efficient, and economical construction during such periods the President is requested to direct the Secretary of War, the Secretary of the Treasury, and the Secretary of Agriculture to accelerate during such periods, to such extent as is deemed practicable, the prosecution of all public works within their control.

ADVANCE PLANNING

SEC. 10. It is hereby declared to be the policy of Congress to arrange the construction of public works, so far as practicable, in such manner as will assist in the stabilization of industry and employment through the proper timing of such construction, and that to further this object there shall be advance planning of public works to be accomplished (a) in the case of river and harbor and flood-control works and projects and public-building projects by means (1) of preliminary reports, made under the subsequent provisions of this act or existing law, as to the desirability of the project; (2) of annual authorizations of projects, the total estimates for which are sufficiently in excess of the annual appropriations made for the work thereon to result in uncompleted projects being available for the expenditure of public works emergency appropriations when made; and (3) of advance preparation of detailed construction plans and (b) in the case of public-road projects by means (1) of advance approval of projects in accordance with the provisions of the Federal highway act, and amendments and supplements thereof, and of this act, and (2) advance preparation of detailed construction plans.

PUBLIC-ROADS PROJECTS

SEC. 11. (a) In addition to the projects authorized to be approved under the Federal highway act, and amendments and supplements thereof, the Secretary of Agriculture is authorized to approve emergency Federal-aid road projects for the construction, reconstruction, and maintenance of Federal-aid highways, the share of the United States in the cost of which is to be paid primarily out of public works emergency appropriations made for the purpose. Such emergency projects may be approved in advance of any such appropriation but only to such extent as the Secretary of Agriculture deems advisable in order that uncom-

pleted projects for the expenditure of money so appropriated may be immediately available at the time such appropriation is made. If the amount apportioned to the State of the public works emergency appropriation made for the purpose is insufficient to meet the share of the United States in the cost of all approved emergency projects within the State, the balance of the share of the United States shall be paid out of the amount apportioned to the State from any subsequent appropriations made for Federal-aid highways.

(b) The approval of emergency projects for roads within a State shall be deemed a contractual obligation of the Federal Government for the payment of its proportional contribution to the cost of the projects only to the extent of the amount apportioned to the State and remaining unpaid of the public works emergency appropriation made for the purpose and the subsequent appropriations made for Federal-aid highways.

(c) The provision of the Federal highway act in respect of the apportionment of Federal-aid appropriations shall not apply to public works emergency appropriations, but the Secretary of Agriculture may apportion such appropriations among all the States or in the State in the area or areas designated by Congress in such a way as may be fixed by Congress or shall in his judgment be best calculated to prevent unemployment.

(d) For the purpose of equalizing among the several States the amount of Federal funds apportioned under the Federal highway act, as amended and supplemented, and this act, the Secretary of Agriculture shall deduct any payment made to a State out of a public works emergency appropriation from the amount apportioned to the State out of any subsequent appropriation for Federal-aid highways.

(e) The Secretary of Agriculture, after making the deductions authorized by this section, shall within 60 days thereafter reapportion the amount so deducted to all the States in the same manner and on the same basis, and certify to the Secretary of the Treasury and the State highway departments in the same way as if it were being apportioned under the Federal highway act for the first time.

(f) In the event that the payment received by a State under the provisions of a public works emergency appropriation for Federal-aid highways exceeds the amount apportioned to that State out of the next succeeding appropriation for Federal-aid highways, the whole amount apportioned to that State shall be reapportioned to all the States in the manner provided in subdivision (e), and the difference between the payments so received and the amount so reapportioned shall be deducted from the amount apportioned to the State out of the next succeeding appropriation for Federal-aid highways and reapportioned in accordance with subdivision (e), and so on until the total amount so received has been thus deducted and reapportioned.

PUBLIC BUILDINGS

SEC. 12. The provisions of the public buildings act, approved May 25, 1926, shall apply to public buildings authorized under this act, except that the method of allocation prescribed therein shall not apply; but the sums appropriated for public buildings under this act shall be apportioned as Congress may provide, or, if there be no such provisions, by the Secretary of the Treasury in such way as best to carry out the intent of this act and prevent unemployment in the United States or the area prescribed by Congress.

APPROPRIATIONS AUTHORIZED

SEC. 13. There are hereby authorized to be appropriated such sums as are necessary for expenditure on public works to prevent unemployment during any such period of business depression, not in excess of \$150,000,000 in any one fiscal year, and such further sums as are necessary for the administration of this act.

S. 3060

An act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes

Be it enacted, etc., That in order to promote the establishment and maintenance of a national system of public employment offices there is hereby created in the Department of Labor a bureau to be known as the United States employment service, at the head of which shall be a director general. The director general shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary at the rate of \$10,000 per annum. The employment service now existing in the Department of Labor is hereby abolished.

SEC. 2. The Secretary of Labor is authorized, in accordance with the civil-service laws, to appoint, and, in accordance with the classification act of 1923, as amended, to fix the compensation of a woman assistant director general who, subject to the director general, shall have general supervision of all matters relating to the obtaining of employment for women, and, in accordance with the civil service laws, to appoint, and, in accordance with the classification act of 1923, as amended, to fix the compensation of, such other officers, employees, and assistants, and to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere, and for law books, books of reference, and periodicals), as may be necessary to carry out the provisions of this act.

SEC. 3. (a) It shall be the province and duty of the bureau to establish and maintain a national system of employment offices for men, women, and juniors who are legally qualified to engage in gainful occupations, and, in the manner hereinafter provided, to assist in establishing and maintaining systems of public employment offices in the several States and the political subdivisions thereof. The bureau shall also assist in coordinating the public employment offices throughout the country by furnishing and publishing information as to opportunities for employment, by maintaining a system for clearing labor between the several States, by establishing and maintaining uniform standards, policies, and procedure, and by aiding in the transportation of workers to such places as may be deemed necessary, for the purpose of obtaining employment. It is hereby declared to be the policy of the Congress that the service authorized by this act shall be impartial, neutral in labor disputes, and free from political influence.

(b) Except as herein otherwise provided, the United States employment service shall be charged with the administration of this act, under the supervision of the Secretary of Labor. The director general is authorized to deduct from any amount appropriated for any fiscal year under the provisions of section 5 not in excess of 5 per cent thereof, which shall remain available until expended for expenses incurred in the administration of this act.

SEC. 4. Except as provided in section 10, in order to obtain the benefits of appropriations apportioned under section 5, a State shall, through its legislature, accept the provisions of this act and designate or authorize the creation of a State agency vested with all powers necessary to cooperate with the United States employment service under this act.

SEC. 5. (a) For the purpose of carrying out the provisions of this act there is hereby authorized to be appropriated the sum of \$4,000,000 for the fiscal year ending June 30, 1931, and for each fiscal year thereafter up to and including the fiscal year ending June 30, 1934. Seventy-five per cent of the amounts appropriated under this act shall be apportioned by the director general among the several States in the proportion which their population bears to the total population of the States of the United States according to the next preceding United States census, to be available for the purpose of establishing and maintaining systems of public employment offices in the several States and the political subdivisions thereof in accordance with the provisions of this act. The balance of the amounts so appropriated shall be available (1) for administrative expenses under subdivision (b) of section 3, and (2) for expenditure as provided in section 10, or, in the discretion of the director general, for the purpose of carrying out the provisions of subdivision (a) of section 3 other than for establishing and maintaining public employment offices. Except as provided in section 10, no payment shall be made in any year out of the amount of such appropriations apportioned to any State until an equal sum has been appropriated for that year by the State, including appropriations made by local subdivisions thereof, for the purpose of maintaining public employment offices as a part of a State-controlled system of public employment offices; except that the amounts so appropriated by the State shall not be less than 25 per cent of the apportionment according to population, made by the director general for such State for the current year, and in no event less than \$5,000.

(b) The amounts apportioned to any State for any fiscal year shall be available for payment to and expenditure by such State, for the purposes of this act, until the close of the next succeeding fiscal year; except that amounts apportioned to any State for any fiscal year preceding the fiscal year during which is commenced the first regular session of the legislature of such State held after the enactment of this act, shall remain available for payment to and expenditure by such State until the close of the fiscal year next succeeding that in which such session is commenced. Subject to the foregoing limitations, any amount so apportioned unexpended at the end of the period during which it is available for expenditure under this act shall, within 60 days thereafter, be reapportioned for the current fiscal year, among all the States in the same manner and on the same basis, and certified to the Secretary of the Treasury and treasurers of the States in the same manner, as if it were being apportioned under this act for the first time.

SEC. 6. Within 60 days after any appropriation has been made under the authority of this act, the director general shall make the apportionment thereof as provided in section 5 and shall certify to the Secretary of the Treasury the amount estimated by him to be necessary for administering the provisions of this act and shall certify to the Secretary of the Treasury and to the treasurers of the several States the amount apportioned to each State for the fiscal year for which the appropriation has been made.

SEC. 7. Within 60 days after any appropriation has been made under the authority of this act and as often thereafter while such appropriation remains available as he deems advisable, the director general shall ascertain as to each of the several States (1) whether the State has, through its legislature, accepted the provisions of this act and designated or authorized the creation of an agency to cooperate with the United States Employment Service in the administration of this act in compliance with the provisions of section 4 of this act; and (2) the amounts, if any, which have been appropriated by such State, including

appropriations made by local subdivisions thereof, in compliance with the provisions of section 5 of this act. If the director general finds that a State has complied with the requirements of such sections, and if plans have been submitted and approved in compliance with the provisions of section 8 of this act, the director general shall determine the amount of the payments, if any, to which the State is entitled under the provisions of section 5, and certify such amount to the Secretary of the Treasury. Such certificate shall be sufficient authority to the Secretary of the Treasury to make payments to the State in accordance therewith.

SEC. 8. Any State desiring to receive the benefits of this act shall, by the agency designated to cooperate with the United States Employment Service, submit to the director general detailed plans for carrying out the provisions of this act within such State. If such plans are in conformity with the provisions of this act and reasonably appropriate and adequate to carry out its purposes, they shall be approved by the director general and due notice of such approval shall be given to the State agency.

SEC. 9. Each State agency cooperating with the United States Employment Service under this act shall make such reports concerning its operations and expenditures as shall be prescribed by the director general. It shall be the duty of the director general to ascertain whether the system of public employment offices maintained in each State is conducted in accordance with the rules and regulations and the standards of efficiency prescribed by the director general in accordance with the provisions of this act. The director general may revoke any existing certificates or withhold any further certificate provided for in section 7, whenever he shall determine, as to any State, that the cooperating State agency has not properly expended the moneys paid to it or the moneys herein required to be appropriated by such State, in accordance with plans approved under this act. Before any such certificate shall be revoked or withheld from any State, the director general shall give notice in writing to the State agency, stating specifically wherein the State has failed to comply with such plans. The State agency may appeal to the Secretary of Labor from the action of the director general in any such case and the Secretary of Labor may either affirm or reverse the action of the director general with such directions as he shall consider proper.

SEC. 10. During the current fiscal year and the two succeeding fiscal years the director general is authorized to expend in any State so much of the sums apportioned to such State according to population, and so much of the unapportioned balance of the appropriation made under the provisions of section 5 as he may deem necessary, as follows:

(a) In States where there is no State system of public employment offices, in establishing and maintaining a system of public employment offices under the control of the director general.

(b) In States where there is a State system of public employment offices, but where the State has not complied with the provisions of section 4 in establishing a cooperative Federal and State system of public employment offices to be maintained by such officer or board and in such manner as may be agreed upon by and between the governor of the State and the director general; except that pending the conclusion of such agreement, but for not more than one year, the director general may establish and maintain in any such State a system of public employment offices under the control of the director general.

SEC. 11. (a) The director general shall establish a Federal advisory council composed of an equal number of employers and employees for the purpose of formulating policies and discussing problems relating to unemployment, and insuring impartiality, neutrality, and freedom from political influence in solution of such problems. Members of such council shall be selected from time to time in such manner as the director general shall prescribe. The director general shall also require the organization of similar State advisory councils composed of equal numbers of employers and employees.

(b) In carrying out the provisions of this act the director general is authorized and directed to provide for the giving of notice of strikes or lockouts to applicants for employment.

(c) In carrying out the provisions of this act the director general is authorized to provide for establishing employment offices for individual occupations.

SEC. 12. The director general, with the approval of the Secretary of Labor, is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this act.

SEC. 13. The Postmaster General is hereby authorized and directed to extend to the United States Employment Service and to the system of employment offices operated by it in conformity with the provisions of this act, and to all State employment systems which receive funds appropriated under authority of this act, and to all cooperative Federal and State employment systems operated under agreements made as provided in this act, the privilege of free transmission of official mail matter.

Mr. AYRES. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. O'CONNOR].

Mr. O'CONNOR of Louisiana. Mr. Chairman and gentlemen of the committee, there is a good deal of talk about staying here all summer if necessary to solve the problems that confront

us to-day—economic and legislative. I have no doubt of the sincerity of the gentlemen who have spoken along those lines. Perhaps I will be quite willing to stay with them, but we can not afford to ignore the advice and wisdom of those who figured in this House for many years, and who were looked upon as men of light and learning. I remember that the lamented James R. Mann stood on the floor of this House on one occasion and expostulated about continuing the House in session during the summer months. As I recall he said that the dog star, Sirius, was in the ascendency, and that all experience shows that legislative assemblies do not congregate or perfect the best and proper legislation during the dog days. He said that if he were inclined at that moment to substantiate and verify the statement, he believed that he could quote from records of some of the most ancient legislative assemblies showing it was deemed in those far-away times inadvisable and unwise to continue a legislative assembly in session during the hot months of the summer. But extraordinary situations and problems require extraordinary remedies. We should remain here, however torrid the weather may be, until we have passed and assured their enactment into law the veterans' bill, the rivers and harbors bill, and the Couzens resolution, for reasons that are so obvious that they require no elaboration.

Suffice it for me to say that we put our boys in the war and they saved us and the balance of the world—for we won the war regardless of what other nations may claim—and we are going to take care of those boys. It is an obligation which people who love their country, its honor, its integrity, and its future want extinguished. They want to pay in full the debt of gratitude we owe those who rallied to the flag at the call of the Nation.

I want to see, and so does the country, I think, want the rivers and harbors bill passed before adjournment. It will do a great deal to solve the unemployment problem for reasons set forth by me on so many occasions that I will to-day refrain from reiterating them. And now to the Couzens resolution, which came this morning from the Committee on Interstate and Foreign Commerce with an amendment, which is virtually a substitute, so unsatisfactory in its nature that it has provoked a minority report which will be filed by my friend, GEORGE HUBLESTON, and behind which every student of economics and sincere friend of labor, railroad and otherwise, should rally.

I want to say to the distinguished gentleman from Illinois [Mr. DENISON], a member of the Committee on Interstate and Foreign Commerce, and for whom we all have a great affection, a gentleman who has done a great deal for the Mississippi Valley and for the people among whom I dwell—and I know he will accept this in all kindness and friendship—that if he is under the impression that the railroad consolidations are made for any other purpose than to cut down the overhead expense and reduce the number of employees he is absolutely mistaken, and I think should study the subject a little longer and get the correct idea. Most consolidations through the recent years, in my judgment, have been made for no other purpose than largely to increase the capitalization of the units consolidated and then reduce the number of men employed, men who have served until old age in the service of the company, and who can secure employment in no other service, thus adding to the complexities of the problem of unemployment and producing a condition that unfortunately for humanity can not be solved by all of the sages on this earth, apparently. I say apparently, for I hope that some day a Messiah will come to the industrial, agricultural, and commercial leaders with a message of great joy, one that will mean that a panacea has been found, a solution has been discovered for the curse that has haunted the footsteps of men and women through the ages. "Eureka" will be on the lips of all people on the great day when families need not agonize about the morrow, when at least every human being will have a place to lay his head, raiment to wear, and food to eat—that is, to know that he will not be denied the simple fundamentals of existence.

I agree with the gentleman that no legislative nostrum can be found to cure an economic ill, for if legislation could cure such an affliction it would mean, paradoxical as it may appear, the destruction of the very law which if freed by industry and commerce themselves from restrictions and obstacles that threaten to suspend its operation, would operate so as to permanently establish and effectuate that satisfactory condition usually referred to as stabilization.

Of course, there is unemployment throughout the world and conditions of life are depressed. It is amazing, my friends, to consider that the world has made such wonderful advances along every imaginable line—agricultural, financial, astronomical, and I was going to say ecclesiastical, and why not?—but that no remedy has been found for the disease that withers body and soul—unemployment and poverty.

Universities and colleges and their vast number of students, scientists, experts, logicians, lawyers, preachers, and doctors are apparently up against a stone wall when it comes to a solution of the problem that is of more concern to men and women than all of the other factors in civilization.

Something is wrong with a plan that means that in the face of plenty, men shall suffer privation and even starvation. Of course unemployment has a bad effect upon all values and brings the financial and commodity market into that condition and situation where it becomes a problem, if not a menace, to orderly existence. Poverty is a curse, and unemployment is its cause. It is the progenitor of disease, misery, decay, and death, and therefore the main purpose of all government of every civilization should be to prevent poverty by providing lucrative employment for men and women who want to work; for the right to live is inalienable in a state of nature and should be no less in a state of society or civilization. If I could eradicate this deepest stain that afflicts mankind I would not exchange the grand satisfaction I should enjoy for all the rewards that has ever come to the most successful conqueror. As I said before, if a legislative enactment in itself could solve the problem, we would not have any problems to solve. For then legislative enactments would be as thick as the leaves in proverbial Vallambroso. All that we can do is to prevent those who would violate or suspend economic law from doing so. We can not say, "Let there be employment and there shall be employment." But we can say you shall not create unemployment by combinations and consolidations under the guise of effective economics that will inure to the public, but really for the purpose of adding millions to the coffers of those rich beyond the dreams of avarice. But to another slant of this address which must be delivered in a limited period. While I appreciate the attitude of the men among whom I was born and reared and with whom I have associated politically since I attained my majority, yet I can not feel that it is quite the proper practice to inferentially if not directly criticize the President for expressing an optimistic view. What other course is there for him to pursue; what other attitude can he adopt?

If the President, under the most depressing circumstances, were to become publicly or privately a pessimist, he would be regarded as an incompetent menace. Uneasy lies the head that wears a crown, and he must carry on and go smiling it through.

As to the tariff, it probably will be a cause of disturbance to the Republican Party, and even in the Democratic Party. If there is no decrease in unemployment, men and women, as the way with all flesh, will blame the new tariff for their ills and woes, and visit an unjust condemnation upon those who will have to be the goats of discontent. But there are certain subjects on which I will not surrender my convictions, regardless of temporary consequences. I am a protective-policy man because I believe such a policy is good for our country. I believe in an Army to defend our people. I believe in a Navy that will be our first line of defense and protect our rights. [Applause.] I believe in a protective tariff because it will enable our own countrymen to supply their domestic wants and not have them depend on the foreigner. I want to make my country rich and great and prosperous and strong for the tremendous days that we all know lie ahead, in which our supremacy may be challenged. I want to build up our highways, and I want to see it done through Federal aid. I want to improve our rivers and harbors and have it done through Federal aid. I want to prevent floods in the Mississippi Valley and I want to see it done through Federal aid. Coming from the State of Louisiana, I know what our people have had to endure from flood waters that roll down upon us from the 33 States of the valley. But we are going to keep on fighting until we get the National Government to perform, discharge, and execute a national obligation in a broad, comprehensive, capable, and permanent national way and manner.

Of course, fault will be found with the protective tariff; but, of course, there is nothing in the world that is not defective and with which fault can not be found. Even the highest arts have their critics. Even the Lord's Prayer is subject to criticism. There is not a project of the human mind that is not assailable. Of course, the tariff is assailable. No one will deny that.

I think that the tariff rate given to refined sugar is absolutely rotten, and I believe that the Tariff Commission ought to correct that as early as possible, though many of the older Members think that adequate and satisfactory relief can be secured only through legislation. It takes 107 pounds of raw sugar to make 100 pounds of refined sugar. Our refiners can not pay the duty on 107 pounds and compete with the Cuban refiner, who pays a duty on 100 pounds of refined sugar. Our home refiners can not compete with the Cuban sugar refiners on that basis. From the standpoint of protecting American labor and American rights that fault in the tariff ought to be corrected. That may appear

to be a reflection on the astuteness of Members of the House to talk in that way. But it is not so.

Congress is a recognitory body. It gives recognition to the findings of its committees. The findings of fact and of law by the committees are set forth in bills and amended bills and the reports thereon which give the reasons for urging the adoption of the proposed legislation. The tariff bill originated with the Ways and Means Committee of the House. The bill was considered in the House under a rule which precluded any amendments from the floor of the House by Members who are not members of the Ways and Means Committee. I do not find fault with this, because in all probability as a sheer result of parliamentary necessity the Democrats, if in power and had to report out a tariff bill, would have had it considered under the same kind of a rule.

This makes it clear that the obligation was all the greater upon the Ways and Means Committee to report out a bill that was correct and logical with respect to the compensatory duties on the fabricated or refined article where a duty had been levied upon the raw product. The House had a right to rely and were absolutely correct in relying upon the Ways and Means Committee, in view of the fact that that House could not offer an amendment under the rule, to bring in a bill which would make for a proper duty upon refined sugar so as to protect that big American interest from destructive competition from the alien interest without the gates.

Cuban sugar-refining interests have an advantage under the present bill over our own American refineries. That is unfair—it is un-American; it is unjust and should be corrected. Our refineries are as much a part of our sugar industry as the growers of beet and sugarcane. They give employment to thousands of American workmen and they deserved better treatment from the Republicans, who made the tariff bill. They should be given relief, administratively or legislatively, as early as possible, and I can not repeat this admonition too often. As one of the champions of the protective policy and as one who voted for this bill on every roll call, I feel that I have a right in the interest of a great refinery in my district to ask the Republican Party to do the square and honorable thing by the American sugar-refining companies. I stand for the square deal to everything in America. I want to protect the American workmen, and I want to protect American capital against the menace of foreign competition.

I reiterate, out of an abundance of caution and lest I may not have expressed my viewpoint clearly in the rapidity of my delivery, in view of the limited time accorded me, my thoughts with reference to the Couzens joint resolution. I repeat that no resolution or legislative enactment can, in itself, make for prosperity. Prosperity depends upon economic law, thrift, toil, and sacrifice, but a legislative resolution or law may check causes, which, if permitted to operate freely, might make for adversity. Whatever might be said ordinarily about huge consolidations and mergers I feel that the American people do not believe that this is the time for such consolidations. We can not and will not take any chances of aggravating the state of unemployment by permitting consolidations, which inevitably lead, if experience is a safe teacher and counselor, to the discharge of a vast number of employees, many of whom have grown old in the service and are now tottering westward with feeble steps. The Couzens resolution is indeed a sad commentary upon the times. When it was first proposed years ago to create the Interstate Commerce Commission the suggestion and the legislation were fought furiously and bitterly by the railroad companies. The people thought they were creating, through Congress, an instrumentality to regulate the railroads, but time in its whirligig performs many a queer stunt. Many people in our country to-day believe that instead of regulating the railroads properly in order to promote the welfare of the people, the people themselves are regulated by the commission and their welfare ignored in order to convenience and to promote the views of the railroad companies. It may be an unjust attitude and criticism on the part of the people but it is thoroughly human for them to criticize their own institutions, when those institutions by their own conduct cause suspicion. As a Member of Congress I do not object to the criticism of the Congress by the people. It stimulates Congress into greater activity. The people have a right to criticize their courts when courts do not function to the best interest of the people. The people have a right to criticize every administrative body when that body fails to function in the people's interest.

The people have a right to criticize the Interstate Commerce Commission as they will have the right to criticize the Tariff Commission whenever either fails in its mission and purpose. The railroad labor people believe that a failure to adopt the Couzens resolution by the House means that the Interstate Commerce Commission will permit consolidations to go on that

threaten the very existence of railroad labor. So far as I am concerned I will not by my attitude help the Interstate Commerce Commission to carry out such an end. On the contrary, I will work and vote to prevent them from permitting these vast consolidations to go on. I am for America in all of its phases and aspects. I am for protection to American labor and capital. I am for protection to American agriculture, finance, and commerce. I voted for the tariff bill because I believed that it makes for stability in our domestic commerce and because it gives a chance to American business to prosper. I would not and could not do less for American labor. Let us fight for the square deal, my friends, for all America—for its high and its low, its rich and its poor, its strong and the weak, and in that way make our country the country of equal rights to all and special privileges to none.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. WOOD. Mr. Chairman, I yield myself one hour.

Mr. Chairman and members of the committee, realizing that there are others who desire to speak this afternoon and as it is getting late, I will not touch upon all of the provisions of the bill. I will endeavor to call to your attention some of the more prominent items in this bill, and if there should be any criticisms of them, or any questions or suggestions, I shall invite them.

The amount recommended to be appropriated in the bill totals \$66,199,384.05, which sum is \$2,867,139.42 less than the amount of the Budget estimates.

While the bill contains numerous items distributed among the departments and establishments of the Government, a very large proportion of the total amount is caused by the inclusion of the fourth installment of public buildings and by the initial appropriation for the commencement of work on the Boulder Canyon project. Additional appropriations are also included for carrying into effect new laws enacted during the present session, funds for which could not be included in the regular annual appropriation bills. Another class of items contributing considerably to the total includes the amounts for payment of judgments of courts, claims allowed by the General Accounting Office, and claims of various kinds adjudicated under statutes and certified to the Congress for appropriation. Items in the bill which may be termed "deficiencies" are few in number and are largely of the nature of "legal deficiencies."

While the amount specifically carried in the bill aggregates \$66,199,384.05, there are included under the Treasury Department three paragraphs of indefinite appropriations for satisfying awards which may hereafter be allowed by the arbiter under the settlement of war claims act of 1928, for payment of claims of German and Austrian nationals on account of ships, patents, and radio stations seized during the war. The maximum amount which may be paid under these indefinite appropriations is \$51,341,387.78, and such figure should be kept in mind in connection with any statement of the grand total carried by the bill.

The major items of specific appropriation contained in the bill are as follows:

Public buildings, including construction, sites, and administrative expenses	\$29,037,840.00
Boulder Canyon project	10,660,000.00
Porto Rican relief, roads and bridges	1,000,000.00
United States Veterans' Bureau, military and naval compensation	2,200,000.00
Cooperative agricultural extension work	1,000,000.00
Forest roads and trails	3,500,000.00
Payment to the States of Georgia and South Carolina, flood relief for roads and bridges destroyed	1,311,628.50
New penitentiary, northeastern section of United States	1,700,000.00
Working capital fund for prison industries	500,000.00
Construction and maintenance, prison camps	750,000.00
New Federal jails	1,000,000.00
Marine Corps, expenses of expeditionary forces, China and Nicaragua	1,325,000.00
Postal Service, special delivery fees	1,000,000.00
Contract air-mail service	1,700,000.00
Customs Service, additional salaries and expenses	898,480.00
New Coast Guard cutter for Lake Michigan	450,000.00
Subsistence of the Army	500,000.00
National Home for Disabled Volunteer Soldiers	773,520.00
Panama Canal, maintenance and operation	500,000.00
President's Commission on Law Enforcement and Law Observance	250,000.00
George Washington Bicentennial Commission	362,075.00
American National Red Cross Building	350,000.00
Equipment, new Department of Commerce Building	200,000.00
Hydraulic laboratory, Bureau of Standards	350,000.00
All other items in the bill, including judgments and audited claims	4,880,840.55

The principal amounts hereinbefore enumerated are included in the following explanation under the various departments and establishments:

The amount recommended for the legislative establishment is \$455,767.85, which is \$40,817.27 less than the Budget estimates.

The amounts for the House of Representatives include the customary payment for beneficiaries of deceased Members, approved expenses incurred in connection with contested-election cases, and several items of supplemental expenditures under the contingent fund of the House. The sum of \$2,500 is recommended for the painting of an oil portrait of Speaker LONGWORTH.

For the Capitol power plant the sum of \$22,054.63 is allowed to complete the purchase of equipment for the enlargement of the plant in connection with the additional load to be thrown upon it by the erection of the House Office Building annex, the new Supreme Court Building, and so forth.

The estimates contain an item of \$404,190.68 to be added to the appropriation of \$600,000 previously made for the acquisition of land for a new site for the United States Botanic Garden. The committee has reduced this sum to \$341,378.68, or by \$62,812, which represents certain fixtures of the gasoline station and the bakery which have been allowed by the commissioners of appraisement in their report to the court.

The amount included in the bill, namely, \$341,378.68, consists of \$326,378.68 toward the acquisition of property and \$15,000 for expenses in connection with razing the buildings and clearing the site when title has been secured. In connection with the acquisition of this property the committee desires to call attention to the fact that for such of the property as is sought to be acquired by condemnation the aggregate of the asking price of the owners was \$1,246,793.40, the total assessed value was \$353,001, and the total amount awarded was \$912,220. The amount awarded was 144.55 per cent above the assessed value.

I wish to call the attention of the committee especially to how the United States Government was treated in the acquisition of lands made necessary by this additional appropriation. Some of the land that has been acquired or which is to be acquired through condemnation has been at a cost to the Government of from two to three times its assessment. Those who had charge of the acquiring of this land got only one piece of it by purchase. That was the church property down on the corner. The prices asked for some of the land were eight times the amount of the assessed value.

I wish to call your attention to the fact that under the law of the District of Columbia all real estate is supposed to be assessed at its fair, true, cash value. Not in a single instance in this particular transaction, and in any other transactions as far as I have been able to learn, have we been able to purchase the property at anywhere near that true cash value which the law says shall be provided through assessment.

Mr. AYRES. Will the gentleman yield?

Mr. WOOD. I yield.

Mr. AYRES. Is it not also a fact that in some cases where condemnation proceedings were had the juries awarded anywhere from four to five times as much as the assessed value?

Mr. WOOD. That is correct, and the assessor calls my attention to a most striking case. The Government undertook to condemn a certain piece of property for public purposes and the assessor was called as a witness. He knew what the assessment on this property was. It was \$2 per foot. He thought he would be liberal, and he testified that its fair cash value was \$2.50 a foot. Every witness offered by the owner of that property testified that it was worth \$17 or \$18 a foot, and the award of the jury was a little over \$9 a foot.

I wish to call your attention to another law with reference to taxation in the District of Columbia. There is a law which provides that whenever the assessor ascertains that property has been omitted from the assessment rolls, or when it has been assessed too low, or when, for any other cause, it has not been assessed at its true cash value, it is the duty of the assessor, under the law, to go back for a period of three years and adjust it and assess it at its true cash value.

If this law was enforced as it should be, and if the assessor would do his full duty and put this property upon the tax rolls for three years prior thereto, not only would it add much to the treasury of the District of Columbia but it would be a wholesome example to these gentlemen who so stultify themselves in giving these false values upon real estate when the property is taken for governmental purposes.

Mr. O'CONNELL. Will the gentleman yield?

Mr. WOOD. I yield.

Mr. O'CONNELL. As a matter of fact, is not the committee in the position that if they do not get the property at the present price and wait for several years more to buy the property, they will then have to pay about twice as much for it?

Mr. WOOD. In some instances I expect that is true.

It is also true that if the Government does not accept the property at the price given in the award, it can not be again condemned for the same purpose.

Here is another remarkable thing: In condemning property the Government can not introduce the tax assessments as evidence. The law provides that tax assessments shall be the true cash value of the property. Yet when condemnation proceedings are had the Government is prohibited from introducing the tax assessments which are supposed to represent the fair cash value of the property.

I have introduced a bill for the purpose of making admissible in evidence the tax assessments upon these particular pieces of property, not that it may be conclusive but that it at least should be some evidence as to what is the fair cash value.

Mr. O'CONNELL. That bill should be passed.

Mr. REED of New York. Will the gentleman yield?

Mr. WOOD. I yield.

Mr. REED of New York. When was that bill introduced?

Mr. WOOD. Just within the last few weeks; just after we had this experience with regard to the botanical garden.

Mr. DENISON. Will the gentleman yield?

Mr. WOOD. I yield.

Mr. DENISON. To what committee has that been referred?

Mr. WOOD. To the Committee on the Judiciary.

Mr. DENISON. I think that is another measure that should be passed before we adjourn.

Mr. REED of New York. I think so, too.

Mr. WOOD. There is another item to which I wish to call attention.

The sum of \$250,000, together with the unexpended balances estimated to amount to approximately \$80,000, is recommended for continuance of the work of the Commission on Law Enforcement and Law Observance.

The report accompanying this bill contains in some considerable detail what has been done already by this commission, and what they have in mind for the future. It is a mistake when we think, as many people do think, that all they have to do with is the prohibition question and the enforcement of the eighteenth amendment. While much has been spent on that subject, they have given particular attention to many other subjects.

They have given their attention not only to prohibition but to the cost of crime, the causes of crime, police, criminal justice and the foreign born, prosecution, statistics, lawlessness of Government officials, courts, probation, prisons, and parole. They are asking for an additional \$250,000 to complete the program they have laid out. They have already recommended, as we know, various bills which should be enacted into law, some of which have already been passed by this House.

Mr. O'CONNELL. Will the gentleman yield?

Mr. WOOD. Yes.

Mr. O'CONNELL. When the gentleman from New York [Mr. BLACK] was on the floor a few moments ago I asked him if he knew what had been the total appropriations for this commission to date. Is the gentleman prepared to give us that information?

Mr. WOOD. The original appropriation was \$250,000.

Mr. O'CONNELL. All together?

Mr. WOOD. All together.

Mr. O'CONNELL. And we are giving them in this bill \$250,000?

Mr. WOOD. Of that \$250,000 they will have expended by July 1 all but about \$80,000; but they are asking for a reappropriation of that \$80,000 and an additional \$250,000.

Mr. O'CONNELL. That would make a total of \$500,000?

Mr. WOOD. It would; yes.

Mr. ARENTZ. Will the gentleman yield?

Mr. WOOD. Yes.

Mr. ARENTZ. Since the gentleman from New York has referred to the dissertation of the gentleman from New York [Mr. BLACK] as to the reasons for the existence of the Wickersham Commission, I wonder if it is not true, after what the gentleman has said about the broad field covered by this commission, that the wet and dry question has nothing to do with the purposes of this commission, and that whether we are wet or dry we must admit that this commission has rendered a very useful purpose.

Mr. O'CONNELL. I am not criticizing the appointment or existence of the commission, but I was seeking information as to the amount of the appropriations for this commission, and for the first time I have learned they have gone very far afield and have done very good work.

Mr. ARENTZ. The commission has covered a great many subjects other than the wet and dry question.

Mr. O'CONNELL. And those things the House did not know about.

Mr. WOOD. We also carry a reappropriation of funds, totaling approximately \$140,000 for the continuance of the work in

connection with the protection of the interests of the United States in leases on oil lands in former naval reserves. As you will recall, Senator Pomerene and Mr. Roberts, who is now a member of the Supreme Court of the United States, were selected by the President for the purpose of doing this work. One hundred and forty thousand dollars out of a total appropriation of \$400,000 is unexpended, and they ask for its reappropriation in order that this work may be completed. Mr. Pomerene appeared before the committee and gave a very detailed statement with reference to what had been done with reference to the amounts of money that have been recovered and with reference to the lands that have also been recovered, so your committee thought this reappropriation should be made.

From what I heard earlier in the day there is another item that may bring about some contention during the consideration of this bill. We have authorized an appropriation of \$362,075 for the expenses of the George Washington Bicentennial Commission in preparation for the nation-wide celebration to be held in 1932, commemorating the two hundredth anniversary of the birth of George Washington. The amount recommended includes salaries and administrative expenses and also expenses of printing and binding and preparation of the writings of George Washington as authorized by the act approved February 21, 1930. The act providing for this celebration contains no specific limitation with reference to expenditures, and it is a matter of moment that this Congress at this time should be advised as to what is being done and what is proposed to be done. The program as outlined by the gentlemen in charge, Congressman Bloom and Colonel Grant, is a very, very extensive one, covering the entire United States. If you will read the hearings upon this subject you will find set out in considerable detail what it is proposed shall be done. In my opinion, if this is carried out to the fullest extent the appropriation here involved will not be enough.

Mr. MICHENER. Will the gentleman yield?

Mr. WOOD. Yes.

Mr. MICHENER. Just how are the accounts audited, or is there any audit at all?

Mr. WOOD. There is no special provision made for any audit, but we are assured that the fullest and completest care is taken with reference to the expenditures, and that a strict accounting will be rendered to the Congress at any time and that they are ready and willing to make it at any time they are called upon to do so.

Mr. MICHENER. Then, do I understand the gentleman to say the law is that this commission is authorized to proceed in such manner as it may see fit, to expend such money as it may think advisable, and after so proceeding and after the money is spent or obligated then they come to Congress and ask that the bills be approved; is that correct?

Mr. WOOD. No; they can not go beyond the appropriations. They are asking for this appropriation to defray the expenses of the initiatory work, in preparing the program, in engaging those who are to write these various histories and these various pamphlets; also to procure a certain amount of literature and lithographs for distribution all over the United States, especially among the schools of the United States.

Mr. MICHENER. If that is true, then, as a matter of fact, they have authority to proceed to do certain work and then come back to the Appropriations Committee and have that committee and then the Congress pass upon the advisability of their proposals before there is any binding commitment made; is that correct?

Mr. WOOD. No; I think if this appropriation is made, they will have a free hand to expend the amount of the appropriation in carrying out the program; but I do not think they could exceed the amount of the appropriation without further authority from the Congress.

Mr. MICHENER. In other words, they would have to come back next year and get further authorization, and before you would make any such authorization you would be satisfied in your committee as to its wisdom.

Mr. WOOD. That is correct.

Mr. MICHENER. Following this a step further, have you given the present bill the consideration which it should have, and do you approve of it, and do you believe we are embarking upon a proper policy when we authorize the expenditure of the amount named in this bill?

Mr. WOOD. The opinion which I have, which I think is the opinion of all the other members of the committee, is that this amount of money will be needed, and perhaps more than this amount of money. There is a certain amount of procedure necessary to be followed in order to inaugurate the celebration; and, of course, we all realize that if we enter upon this celebration it is not to be an ordinary one. It is such a celebration as

should be participated in in some manner by all the people of the United States, one of its prime objects being to instill the ideals of George Washington in the rising generation, and to instill in the minds and hearts of the older generations the respect which they should have for this country to which he gave so much.

So I am not out of accord with the purpose, but I think the commission should be given to understand that while we want a proper celebration and one that will have its influence throughout the United States, there should be a reasonable limit upon its expenditures.

Mr. GARNER. Will the gentleman yield?

Mr. WOOD. I yield.

Mr. GARNER. If the gentleman will go back and examine the Record when this resolution was first introduced and adopted by the Congress, he will find that the statement was made at that time that the cost to the Government would be practically nothing and the appropriation would be a negligible one. The gentleman will recall that when Mr. GILLETT appointed this commission he appointed two members from the Republican side and two members from the Democratic side. Although this has been stated before, I am going to make the statement for the Record now that Mr. GILLETT made the statement at the time he appointed these four men that this was done for the purpose of seeing that this promise was carried out in all good faith. The commission was not two years old until they came in with a proposition for about \$5,000,000 to build a road to Mount Vernon to celebrate George Washington's birth. Other expenditures have come along.

The next thing we heard was that some gentlemen wanted to accumulate some papers and that it would cost \$180,000 to publish them, and they continued to make expenditures that I thought, in all good faith, should not be made. I did what I could to defeat this in the House, but the House adopted these things and I thought there was not anything else for me to do but to get off of the commission.

Mr. MICHENER. The committee is making progress with the commission because now they have got down to purchasing 25-cent covers for automobile tires to send throughout the country telling the people about the birth of George Washington.

Mr. GARNER. I just wanted to call attention to the fact that when you start in on one of these so-called celebrations, although you may be assured you are not going to spend any money, it usually winds up in spending millions and in this instance, mark my prediction, before you get through with it you will spend from \$7,000,000 to \$10,000,000.

Mr. WOOD. It is my prediction that the road that has been inaugurated as a part of the celebration will cost more than the amount now authorized. However, I felt it my duty to call this to your attention. No doubt these men will be guided by what they conceive to be the wishes of the Congress. Without such advice coming from the Congress, they might, perhaps, spend more than we would approve.

The next item I wish to call to your attention is the Porto Rican relief appropriation. You will recall there was an estimate submitted of \$3,000,000, composed of \$1,000,000 for the making of loans to agriculture in the islands and \$2,000,000 for the construction of roads and schoolhouses, and this item was considered in connection with a former deficiency bill.

The case was presented by an officer of the Army and his presentation was not convincing. We ascertained, with respect to the \$2,000,000 for the purpose of building roads and schoolhouses, that the schoolhouses had all been built and that, as a matter of fact, the principal purpose, so far as the construction of roads was concerned, was to give employment to the idle. So we cut it out entirely. It was put in over on the Senate side and was dropped out in conference.

At the beginning of the hearings on this measure Colonel Roosevelt, who is the Governor of Porto Rico, came before the committee, and I invite your attention to what he has said with reference to the need of this money and the purposes for which it will be expended. He presented quite a different case from that which had been previously presented to us.

While this money will be used for the improvement of roads, its primary and ultimate purpose is to make the small farmers on the island more capable of becoming self-supporting, so that hereafter they may be able to take care of themselves. Many of these farms are small. They are remote from any highway, and it is almost impossible for those that are on what may be called excuses for highways to reach the main road and get their products to market. The result is that what little they may raise upon their small patches of ground brings them but little return.

There is, of course, no more public land in Porto Rico, and this storm devastated the island so completely that the holders

of large acreages of land have been unable and will be unable for years to come to rehabilitate their farms and conduct them as they should be conducted. As a consequence, and by reason of a fund that is being raised by subscription and otherwise, they are buying up this excess of land which these planters can not use and placing the title in the government. Then they are selling these tracts of land in small parcels to those who will buy them, in order that they may have something to make themselves self-sustaining.

There are a million and a half people on this little island. I daresay there is more population to the square mile in Porto Rico than on any comparable area of land in the United States. They are trying to teach these people all sorts of husbandry and all sorts of ways to take care of themselves and their families, and I think they are doing a wonderful work.

If for no other reason that encouragement be given to these people it is well to make this appropriation. So we have in this bill given them a million dollars, hoping that it may be sufficient, and if it is not sufficient to give them another million the next year.

Mr. BRIGGS. Is this amount reimbursable?

Mr. WOOD. No. There is one thing that should be taken into consideration: Porto Rico is not receiving the benefits of the Federal road law; they get nothing from that whatever.

Now, there are some items here in the Agricultural Department that I wish to call attention to. In the main we have allowed the items asked for by the Agricultural Department, except we have reduced it \$130,000 from the Budget estimate.

There was one item that we eliminated—\$37,500, the purpose of which was to enable the Bureau of Agricultural Economics to make an agricultural survey in Southeastern States of land that has been found unprofitable for cultivation, and largely abandoned for agricultural purposes, believing that such a survey should be provided for by the State and local interests rather than by the Federal Government.

Here is another bit of paternalism that we are fast entering upon. We were told that there are many acres in Georgia that does not raise a crop of cotton any more. They say the people of Georgia ought to raise something else on the land that has been planted in cotton since the beginning of time. To my mind, a State that can not teach its people rotation of crops or how to bring back land through its agricultural department, if the State can not take some initiative, it is not entitled to consideration by the Federal Government.

We also cut out another item. They wanted \$80,000 for inspections of the phoney peach disease. There is available for next year already \$80,000 and we felt further funds for this work should be put up by the States themselves. The problem of treatment is now known.

With all due respect to the Agricultural Department, the wonderful work it has done in the past, and no doubt will do in the future, these scientific gentlemen lie awake nights trying to find out some way to expend Government money.

I had a very trying experience with reference to one of these projects, with reference to the so-called Mediterranean fruit fly. They wanted \$26,000,000 in addition to the four million dollars and a quarter that we gave them for exterminating that pest. If they had gotten that appropriation, they would have spent every dollar of it. You recall that they got \$10,000,000 to eradicate the corn borer, and they wanted \$10,000,000 more. Everybody knows that that was a fraud, and this was attempting a much bigger fraud than that.

The Department of Agriculture now knows that there was a Mediterranean fruit fly there a year ago last April, and it was there four years before the time that Doctor Marlatt came before our committee and told us of the horrors produced by the Mediterranean fly and the millions of dollars worth of property that would be destroyed if permitted to remain here a year without eradication. He told us how it destroyed the fruit industry in Spain, and yet the fruit industry in Spain is going along, paying no more attention to the Mediterranean fly than we pay to the occasional grasshopper in Kansas or the potato bug in Indiana. [Laughter.]

And it is no more of a pest. To show you the extent to which Doctor Marlatt went in order to accomplish his purpose, I call your attention to one or two items. The Plant Board of Florida induced the Agriculture Department to enter upon this enterprise. They placed the four and a quarter million dollars in the hands of the plant board with the cooperation of the Agriculture Department. They established a quarantine that was a nuisance and has been a nuisance ever since its beginning. They manned this quarantine with the National Guard of Florida. There was no law under which that could be done, and the attention of Doctor Marlatt was called to that fact by our fiscal agent in Florida. In order not to be checkmated, he told them down there to employ the militia as common day laborers.

That was done, and they were paid as common day laborers from the time this thing commenced until the investigation that we commenced down there disclosed the fact, and then that payment was stopped instantly by the comptroller, because they had not any right to do it, and Marlatt knew they did not have any right to do it.

Mr. O'CONNELL. And it came out of the money appropriated by the United States?

Mr. WOOD. Absolutely.

Mr. O'CONNELL. Perhaps they were employed to shoot the flies.

Mr. WOOD. The trouble was that they never found a fly except those that were found by those who were interested in spending the money. There is an old gentleman named Case who is at the head of the Citrus Exchange down there, who had a large orchard within a mile of where this infested patch was. He sent away and bought all kinds of nets and apparatus to catch one fly on his place, and he never succeeded in doing it.

According to their report there was from first to last 1,000 infestations, and those flies were the most discriminating flies I ever heard of. They located themselves from 10 miles to 12 miles apart, and most of them on a single piece of fruit on a single tree. What did they do? They made a zone 10 miles around and destroyed every bit of fruit within that zone, where they had found only one infested piece of fruit.

They would have half a dozen of these guards or inspectors who would come up to a man's house. A couple of them would entertain the man and two or three others of them would go down into the orchard and then they would come back and tell him that his orchard was infested. They would then put up a sign on the property, "This property is infested." The owner would ask them where they got the fruit, this piece of fruit they found, and they would say they got it down in his orchard. He would then ask them to show him the tree, and they would tell him that it was none of his business where they got it, that his fruit was infested, and his fruit would be destroyed. They dug trenches a hundred feet wide, 8 feet deep, and a hundred feet long and filled them with these oranges and grapefruit that were as perfect as any fruit that was ever raised, and they would destroy it absolutely. When they started out on this thing they had 142 vegetables and fruits that they declared were hosts for this fly. They wiped out many little vegetable growers down in that country, and after it was all over they reduced the number of hosts from 142 to 8.

Let me tell you another thing that this man Marlatt did. He is a bigger pest than all the pests that we have in the country, so far as extravagance is concerned.

Mr. O'CONNELL. Who is this man and what is his position?

Mr. WOOD. He was Chief of the Plant Quarantine Administration of the Agriculture Department until it got too warm for him and they supplanted him with a man named Strong from California. You will find this in the testimony. A woman in Chicago wanted to get up a moving-picture show. She wanted to exploit the Mediterranean fly in Florida. Marlatt wrote to Doctor Newall, who is the head of the Florida Plant Board, to furnish this lady with all of the pictures that he had. Doctor Newall thought it should not be done, that they already had had too much advertising, and of a very damaging nature. Marlatt then sent in a letter peremptorily demanding that he furnish the lady with these pictures, and among other reasons given for doing it said, "We have to make this thing as black as we can in order to get the appropriation we want."

That is in black and white in the record. There was a man named Doctor Kratz who came here to see Doctor Marlatt. Marlatt gave him a letter of introduction to Doctor Newall and told Newall to furnish him with all of the facts that he had in order that he might write an article that would be a scarecrow arrangement and scare the people of the United States as to what was going on down there. This man went down there and interviewed a half dozen people and then wrote his article. It was published in the Country Gentleman. He told in that article that you could not go up to a filling station and get your gasoline without fighting every minute you were there to keep these flies out of your face.

We have spent more dollars in Florida already than there were ever flies down there. To show you that these gentlemen now know and could have known then that what Doctor Marlatt told us was untrue, he told us in order to get this appropriation, that if this fly was permitted to remain unexterminated for a year, it would be impossible to exterminate it.

And they now know and could have known then that the fly had been there four years before, that the fly has been coming and going for 50 years, that he can not stay there very long, that he can live only under the most exceptional circumstances, and then disappears, and I will tell you why they now know that that fly was there four years before.

There was an old man down there by the name of Price. His orchard was visited by a fly of some kind four years before this fly was discovered in April, 1929. He took the larvæ and put it into a bottle and kept it until this thing broke out, and then had them examine it, and it was pronounced to be the Mediterranean fly larvæ.

The thing was not disclosed to the public except what that laboratory got, and the man in the laboratory knew where it was obtained from. This old man was sick and could not go away from home, but they took his affidavit, and when they discussed that, Doctor Benjamin, who claimed to be the first man to pronounce it as Mediterranean fly, went to see him, and he stated that it was examined by another man in his force.

Then he asked the man for a specimen of the larvæ. The man said, "You can not have it." But he took that sample and pronounced it the Mediterranean fly. That established the fact that it had been there four years, and all you could do was to try to control it.

Now, some one may ask why we should appropriate \$1,740,000. We did it on the same principle that a parent puts up money when a bandit steals his child. You have a quarantine over Florida, and those people have suffered long enough; but in order to satisfy those people and give them a chance to save their face, this \$1,740,000 was granted. I hope this is the last of it. It may be that another accommodating fly will go down there. But with the experience that we have had, if Congress appropriates another dollar for such a purpose down there it will be making a mistake.

Mr. ARENTZ. Mr. Chairman, will the gentleman yield there?

Mr. WOOD. Yes.

Mr. ARENTZ. I think the newspapers should take cognizance of the speech made this afternoon by the gentleman from Indiana [Mr. Wood] so that the embargo prevailing in California along the eastern border will be taken off, so that tourists will not be put this summer to the extremity of unloading their packs and allowing these officials to grab and purloin their belongings. I hope this will be called to their attention.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. WOOD. Yes.

Mr. GREEN. I was very much interested in the statement of the gentleman from Indiana relative to the destruction of property in my State. I was wondering whether we could have the cooperation of the gentleman to help those sufferers to be reimbursed?

Mr. WOOD. I think I have done my full measure of cooperation.

Mr. GREEN. Does not the gentleman think the Government should reimburse those people?

Mr. WOOD. I think that is a question that should some time be determined. That millions of dollars' worth of property have been destroyed down there, there is no doubt.

Mr. GREEN. I will say to the gentleman that I was down to see Doctor Strong, insisting that the tomato licensing time may be extended, which they are establishing from the first of July to the last of July, to enable the people to carry their tomatoes to the canners. They could not give me any assurance that the people would be permitted to do that. But they do say that the people may destroy their own stuff. There are no funds available to destroy such fruits and vegetables as the quarantine requires.

Mr. WOOD. There is no excuse for that quarantine. It should have been suspended months ago. We found that 150 miles below that place they could not ship their fruits and vegetables unless they got a certificate from the Government agent 150 miles away, and the express company would not take it without the little ticket. When the ticket was given he would take it out and stick it on the package.

Mr. GREEN. During the last winter, when the snow was waist deep in some of the Central States, we could not even ship our fruits there for fear the fly would get out, and we lost millions of dollars thereby.

Mr. SIMMONS. Mr. Chairman, will the gentleman yield?

Mr. WOOD. Yes.

Mr. SIMMONS. I think it is only fair to call the attention of the House to the testimony given before our committee. It was to the effect that the destruction of property, and the invasion of private rights, and all that the gentleman from Florida complains about was done by State officials under the authority of the State police power. None of those acts was done by the people there by authority of the Federal Government. If the people in Florida want restitution for the destruction of property, I suggest that they look to the people who destroyed it, and those are their own officials.

Mr. GREEN. By whom were they employed?

Mr. SIMMONS. By the United States under a subterfuge that is disgraceful. They had no authority to do anything under the United States except enforce the quarantine regu-

lations. All that was done by the State officials was done under the State police power, under State rights, and the United States is not responsible.

Mr. GREEN. The gentleman knows that Doctor Marlatt was head of the entire situation and designated by these other employees. It was federalized from the time the fly was destroyed.

Mr. SIMMONS. I am quoting from the sworn testimony of your own State officials as to how the property was destroyed.

Mr. BLANTON. Will the gentleman yield?

Mr. WOOD. I yield.

Mr. BLANTON. As I understand the gentleman from Indiana, he does place some blame on some Federal bureau or somebody in it for at least a part of what he intimated was the waste of this \$1,740,000?

Mr. WOOD. Yes; and I have no excuse to offer for it.

Mr. BLANTON. Can the gentleman from Indiana tell us what Federal bureau it was and who it was in the bureau who was responsible?

Mr. WOOD. It was the Department of Agriculture, and this is what happened: The Department of Agriculture had no right to destroy that property, but there is a statute in the State of Florida, which I think is unconstitutional, but which has never been tested, which permits this plant board to enter anybody's property and destroy it. They did the work and the United States furnished the money for them to do it.

Mr. GREEN. In other districts the Federal Government has destroyed property in just the same way.

Mr. WOOD. I have cited the facts as they exist.

Mr. GREEN. Certainly, and I want the gentleman from Nebraska to understand the chairman's position on that.

Mr. SIMMONS. The gentleman knows exactly what happened down there.

Mr. GREEN. The gentleman knows that the Federal Government from time to time has destroyed animals and property that would inflict contagious diseases and pests on other parts of the country.

Mr. WOOD. I do not yield further to the gentleman from Florida.

Mr. GREEN. The gentleman knows he can not shift that burden to my State. He has tried to do it already, and he can not do it. The Federal Government was responsible and destroyed it.

Mr. JONES of Texas. Will the gentleman yield?

Mr. WOOD. I yield.

Mr. JONES of Texas. I want to suggest that under the quarantine provisions the Federal Government may levy such restrictions as to shipments as to practically force the State authorities to take action or have their entire production of products placed under the ban. That system was used in the pink bollworm provision. I want to state to the gentleman that by putting an amendment in the appropriation for a \$5,000,000 fund to eradicate the pink bollworm in central west Texas that no noncotton zones should be established until a live worm was found within 5 miles of the property, we saved that \$5,000,000 which was spent in Florida on this Mediterranean fruit-fly proposition. They had announced their intention of establishing a noncotton zone, but a regulated zone was established. What I rose for in that connection was to suggest to the gentleman that it has been two years since they have found a live worm in that section, and they still maintain a partial quarantine on those districts, and that should be lifted.

Mr. WOOD. There is not any doubt about that, and I sometimes think we should take this power to establish quarantine away from the Agricultural Department. It is too much power to place in the hands of a coterie of men.

Mr. GREEN. The gentleman is right.

Mr. JONES of Texas. I think the gentleman is a little strong in that statement, but there has been abuse of it.

Mr. WOOD. There is no doubt about the abuse of it. I have spoken to Secretary Hyde about this thing many times, and with reference to lifting this quarantine or making it less stringent, and he always throws up his hands and says, "I have to depend on my biologists, and those biologists unfortunately are under civil service." They run that institution. There is a coterie of those civil-service men in almost every Cabinet office, so that half the time the Cabinet officer does not know what is going on, and that coterie of men are the ones who dictate the policy and enforce or fail to enforce the law.

Mr. JONES of Texas. Will the gentleman yield further?

Mr. WOOD. I yield.

Mr. JONES of Texas. In that connection, with regard to this pink bollworm, which is a somewhat analogous proposition apparently, although I am not familiar with the fruit-fly proposition, if the State authorities did not maintain sterilization and fumigation in this immediate district, they could have put a quarantine on the whole State of Texas and forbid any cottonseed to be shipped out of the State. So, perforce, the State offi-

als must comply with the provisions for regulation or suffer a much worse penalty. Now, those people have been compelled for the last two years to sterilize cottonseed and fumigate the lint at a cost of about \$2 per bale. They have lifted finally, for this year, the sterilization requirement, but they are still compelled to fumigate. I think that should be relieved, and I further think the Federal Government should pay at least one-half the expense which these farmers have undergone.

Mr. WOOD. My purpose in calling attention to this was to call attention to the growing power of bureaucracy in our Government. The fact of the matter is we have gone far afield from the character of government that the fathers established for the people of this country, and we are largely responsible for it ourselves.

We pass a bill, and instead of prescribing limitations on that bill and the manner of the enforcement of the law we pass the bill and put in it a clause giving to the department which will have charge of it the right to formulate regulations for its control, and the regulations which they form and the regulations which they enforce never were contemplated by Congress at the time they passed the bill.

Mr. JONES of Texas. Will the gentleman yield?

Mr. WOOD. I yield.

Mr. JONES of Texas. I think there are some instances in which the quarantine provisions are valuable. Valuable work was done in connection with the foot-and-mouth disease. Quarantine is sometimes necessary to avoid the spread of disease or pestilence; but, of course, it may be, and sometimes is, abused.

For instance, in the control of the foot-and-mouth disease I think some valuable work was done. I think there are instances where a quarantine is very necessary, but there have been instances of abuse, I will have to admit.

Mr. GREEN. I will say that the State of Florida appreciates the efforts made by the gentleman to raise this quarantine in the State of Florida and that such action would not have been taken had not the gentleman cooperated with us. The department should raise the quarantine entirely from our fruits and vegetables and reimburse us as they should do.

Mr. WOOD. The sum of \$1,000,000 is included under the extension service for additional cooperative agricultural extension work to be in addition to the appropriation of \$8,840,000 already provided for the next fiscal year and to be used specifically for allotment to the States for the employment of specialists in economics and marketing of agricultural products. The allotments under this sum are required to be matched by the States with at least equal amounts. The appropriation is indorsed by the Federal Farm Board and is in line with the duties placed upon that board by the agricultural marketing act for promoting education in the marketing of agricultural products. The representative of the Farm Board appearing before the committee believes that the expenditure of this sum through the Agriculture Department will be more economical than for the Federal Farm Board to undertake to set up an agency for this educational purpose.

An appropriation of \$100,000 is included for the erection of an experimental ginning plant, purchase of equipment and supplies, and the employment of personal services for conducting investigations of cotton-ginning methods and machinery as authorized by the act approved April 19, 1930.

The sum of \$3,500,000 is included for forest roads and trails for the fiscal year 1931, to be supplemental to the appropriation of \$7,500,000 heretofore made. This appropriation is pursuant to an increase in the annual authorization of the amount for forest roads and trails from \$7,500,000 to \$12,500,000 under the act approved May 5, 1930.

The sum of \$1,311,628.50 is recommended to provide payment of \$506,067.50 to the State of Georgia for damage to and destruction of roads and bridges by floods as authorized by the act approved May 27, 1930, and the sum of \$805,561 to the State of South Carolina for similar purposes as authorized by the act approved June 2, 1930.

I want to call your attention next to the Boulder Canyon project. An appropriation of \$10,660,000 is included in the bill for the commencement of work on the Boulder Canyon project, as authorized by the act approved December 21, 1928. The total estimated cost of the project as fixed by the act is \$165,000,000, of which \$25,000,000 is allocated to flood control.

This act provided certain conditions which should be fulfilled before any money should be appropriated, and it was provided in the organic act that the Secretary of the Interior should be the judge as to whether these conditions were performed. This Congress delegated to the Secretary of the Interior authority to make certain contracts for certain purposes and not until those contracts were fully completed to his satisfaction should any money be expended on this project. The Secretary of the Interior appeared before our committee with these various contracts, some three in number, and the committee, at great pains

and great length, examined the Secretary and his advisers with reference to the contents of these contracts, in order to satisfy ourselves as to whether they were what they should be. We might have contented ourselves by relying upon the statute, which provided that the money should be expended when the Secretary was satisfied that the contracts were all right and took the responsibility of so holding. But we were not content to do that.

After an examination of the contracts we came to the conclusion that they were not what they should be. In other words, they did not explicitly specify the minimum amount of power and energy that it was necessary to take and/or pay for in order to amortize the debt to the United States within a period of 50 years. So they formulated and had executed by all those who had signed the original contracts a supplemental contract which, in our opinion, was complete and all right. However, there was one item about which there was a difference and about which, perhaps, many good lawyers would differ. That was with reference to the bonding power of Los Angeles. As has been called to your attention this afternoon, there is a statute in the State of California applying to Los Angeles which prohibits expenditures beyond the ability to pay from the current taxes for any one year unless two-thirds of the electors vote in favor of that thing. We submitted all of these contracts, the original and supplemental contracts, to the Attorney General of the United States, who is the adviser of the President, the Cabinet officers, and of this Congress, if called upon.

After some two weeks he rendered an opinion in which he found the contracts were complete. He found, with reference to this one subject, that this inhibition in the Constitution, to which I have called your attention, did not apply. The facts found by the Secretary of the Interior are to the effect that the ordinary revenues will repay the necessary amount.

Mr. DOUGLAS of Arizona. Will the gentleman yield?

Mr. WOOD. Yes.

Mr. DOUGLAS of Arizona. Will the gentleman state to the House the extent to which the Attorney General found these contracts to be binding? It is to be found on page 1204 of the hearings.

Mr. WOOD. I do not propose to listen to the reading of all that opinion.

Mr. DOUGLAS of Arizona. I asked the gentleman to state that.

The CHAIRMAN. The gentleman from Indiana has occupied one hour.

Mr. WOOD. Mr. Chairman, I ask unanimous consent to proceed for 15 additional minutes.

The CHAIRMAN. The gentleman from Indiana asks unanimous consent to proceed for 15 additional minutes. Is there objection?

There was no objection.

Mr. WOOD. No doubt there will be considerable debate when we reach this item in the bill, so I will not take your time longer than to say that a majority of the committee was satisfied with reference to these contracts. As a matter of fact, we were satisfied, and the Secretary is satisfied, that there will be sufficient revenue derived from one or two of these contracts, even though they do not get anything out of the others, to amortize this entire debt within a period of 50 years, together with 4 per cent interest. As I have said, all that was necessary under that statute was to have the Secretary of the Interior satisfied.

He is not only satisfied, but the Attorney General is satisfied, a majority of your committee was satisfied, and to my mind we have given to this the very best thought and very best attention, and a majority of the committee recommends that this thing should be commenced. This matter was fought and fought in this House; it was fought and fought in the Senate; and those in favor of the Boulder Dam were finally successful. I do not think it is the duty of this Congress to throw further obstruction in the way of a thing which the Congress of the United States has determined by such a decisive vote, after such full debate, should be commenced and completed.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. WOOD. I yield.

Mr. OLIVER of Alabama. From a reading of the contract, who does the gentleman understand will build the transmission line from Boulder Dam?

Mr. WOOD. I understand from the contract, the city of Los Angeles.

Mr. OLIVER of Alabama. Is there any direct obligation on Los Angeles to build the transmission line?

Mr. WOOD. Yes. There is certainly a direct obligation on the part of Los Angeles, because if they did not build the transmission line—

Mr. OLIVER of Alabama. Is it the gentleman's idea, then, from a reading of the contract, that the Secretary has bound

the city of Los Angeles to build, and have ready at the time the Government is prepared to deliver current, a transmission line for the distribution of the current?

Mr. WOOD. Yes; but that is not a present liability.

I want now to call your attention to an appropriation that has been recommended for the Department of Justice.

The amount recommended for the Department of Justice is \$5,333,258.25, which is \$350,311.33 less than the Budget recommendations. Of the total amount recommended there is carried for penal institutions an aggregate of \$4,766,497.58.

This is divided up into allocations for extensions of prisons, the building of new prisons, the building of jails, and the establishment of prison camps.

Under this program it was proposed to establish a prison camp down at Camp Lee, in the State of Virginia. In order to establish this camp they would have to spend about \$400,000. They would have to build it from the ground. Camp Lee has been entirely abandoned and everything has been torn out and taken away. About 50 miles away, down at Camp Eustis, there are accommodations for 2,000 prisoners, and all that would be necessary would be for a little remnant of our Army to move out and for the prisoners to move in.

General Summerall told me himself it was the purpose to take practically all the troops away from Camp Eustis, and that the camp hereafter would be used only for some artillery practice and used for one month each year for the Reserve Officers' Training Corps and for the cadets at West Point. He also told me that with very little inconvenience, and at very little cost, these activities could be held at other military posts.

So it seemed to me it would be the part of foolishness to expend funds for the purpose of building a new camp when we already have a camp that will accommodate twice the number that the proposed camp at Fort Lee would accommodate. So we have asked the Secretary of War to arrange with the Department of Justice so that Camp Eustis may be used and in this way save the Treasury of the United States and provide for twice as many prisoners at Camp Eustis as we could accommodate at Camp Lee.

Mr. EDWARDS. Will the gentleman yield?

Mr. WOOD. Yes.

Mr. EDWARDS. I would like to say to the gentleman in that connection I think there are a number of places over the country where these camps can be established. For instance, Fort Scriven, Ga., is one that could be enlarged and used. They have good buildings and a good site and there is no reason why the buildings could not be put in good repair at a nominal cost and used for the Reserve Officers' Training Corps work.

Mr. WOOD. I think that could be done and I think it will be done. The trouble with these military gentlemen is that when they once get hold of a piece of property they hate to give it up for fear that it might be of use to them at some time in the far distant future; but we will try to save this money and get a prison camp for our rapidly growing prison population.

Another item in the bill to which I wish to call your attention is the one for the establishment of narcotic farms.

As you know, we passed a bill authorizing the purchase of land for the establishment of two narcotic farms. The land has already been purchased for one of them out near Lexington, Ky.

We had before us the gentleman who is supervising this work. He is no doubt a very capable man and no doubt will do his duty as he understands the Congress wishes it to be done. We admonished the gentleman at the hearings that this is a new venture and we did not want the Treasury of the United States exploited as it was exploited in the establishment of the prison for women over at Alderson. If there was ever an outrageous performance in respect of the Treasury of the United States, it was in the building of this prison at Alderson. This gentleman said that that was an outstanding institution. We do not want any more such outstanding institutions. That prison cost us five times as much per capita as any prison we have in the United States. When we build one of these narcotic institutions we will have to build another one just as good, if not better, or else we will have all sorts of complaint and criticism.

So I wish to admonish the Congress now that we should be on our guard with reference to the establishment of this narcotic farm.

They wanted a lot of money for the purpose of commencing construction, although they had no plans. We told them we felt it would be ample for us to appropriate the money for the purpose of paying for the site and for the purpose of taking care of it until such time as they may submit to the committee and to the Congress what their proposal is with reference to construction and the amount of money that is going to be involved in such construction.

Mr. LANKFORD of Virginia. Will the gentleman yield?

Mr. WOOD. I yield.

Mr. LANKFORD of Virginia. I notice that there are only two ways that an addict can get into one of these homes—one is through the Federal courts and the other by consent. The addicts are not criminals. Does the gentleman think of any provision so that they can be sent by the commissioner, as they are in the State courts for insanity? Was that brought to the attention of the committee?

Mr. WOOD. I will say that I am not familiar enough with the law to state whether it can be done or not.

Now, the amount recommended for public buildings under the Treasury Department is \$29,037,840, which is \$175,000 less than was recommended.

For 5 miscellaneous repair and improvement projects not included in the general building program	\$19,300
Site and plans, narcotic farm	325,000
Land for sites for public buildings in the District of Columbia	2,000,000
Outside professional services	1,400,000
Technical and clerical services, Office of Supervising Architect	293,540
Sites and construction, building program	25,000,000

The item of \$2,000,000 for the acquisition of sites for public buildings in the District of Columbia is a continuation of the acquisition of properties in the triangle area as sites for public buildings, and also toward the acquirement of additional sites authorized in the amendment to the public buildings act approved March 31, 1930, extending such area to the territory bounded by Pennsylvania Avenue and New York Avenue on the north, Virginia Avenue and Maryland Avenue on the south, and Delaware Avenue SW. on the east, for which a limit of \$15,000,000 is fixed.

The appropriation of \$1,400,000 for outside professional services is largely due to a provision in the amendment to the public buildings act approved March 31, 1930, authorizing the Secretary of the Treasury to utilize and employ the services of outside architects, the purpose being to use such services on the larger projects and thereby relieve the pressure on the Office of the Supervising Architect to a considerable extent and permit it to get out a larger number of smaller projects.

The sum of \$293,540 recommended for technical and clerical services in the architect's office is occasioned by the additional projects authorized in this act.

The sum of \$25,000,000 is recommended for sites, commencement of construction, and so forth, on the fourth installment of public buildings under the act of May 25, 1926, as amended. The inclusion of a lump sum to serve a group of projects under initial authorization is a departure from the practice previously followed in such cases, but is believed by the committee and the Supervising Architect's Office to be more flexible and more satisfactory from the standpoint of the progress of the program than to follow the method heretofore in use of making a small specific initial appropriation for each project.

The committee has also included in the bill a paragraph consolidating into a lump-sum fund the balances of appropriations heretofore specifically allotted to certain projects under section 5, and which at present are unobligated for various reasons. The placing of these balances in a single account will serve to expedite the whole building program and will lessen the book-keeping on funds totaling about \$6,000,000.

The committee's recommendations include the following classification of projects:

4 projects under section 3 involving increases in limit of cost	\$346,500
178 new projects under section 5 outside the District of Columbia, 20 increases in limit of cost on former projects, and 1 decrease in limit of cost, the net increase aggregating	85,154,300
10 projects in the District of Columbia under section 5, aggregating	35,550,000
Total new limits of cost, net	121,050,800

The total authorization for public buildings outside of the District of Columbia under section 5 of the act of May 25, 1926, as amended, is \$315,000,000, against which 259 projects have been approved by Congress with limits of costs totaling \$178,841,876.04. The present bill contains 178 new projects and some changes in limits of cost of various projects under section 5 aggregating \$85,154,300. These two amounts provide for 437 projects with total limits of cost of \$263,996,176.04, leaving in the \$315,000,000 of authorization a total of \$51,003,823.96. In addition to this figure, it is estimated there will be authorizations arising from the sale of old properties in connection with the entire program of approximately \$50,000,000, making something in excess of \$100,000,000 that will still be available for future additional installments of the public-building program.

For the District of Columbia there has been authorized a total of \$150,000,000 for construction, of which there has been allotted by Congress to specific projects \$47,968,741, which sum,

added to the \$35,550,000 in new limits established in this bill, makes a total of \$83,518,741, leaving in the authorization of \$150,000,000, for future allotments, \$66,481,259.

The committee has included in the hearings on this bill, on pages 12 to 16, statements relative to the status of projects heretofore authorized.

The appropriation balance available for all public building construction on July 1, 1929, was \$70,000,000. The Treasury Department appropriation act recently approved carried \$23,000,000 and \$25,000,000 is included in the accompanying bill, making a total of appropriations for the fiscal years 1930 and 1931 of \$118,000,000. The expenditures for the two fiscal years are estimated at \$100,300,000, consisting of \$36,300,000 for the fiscal year 1930 and \$64,000,000 for the fiscal year 1931. There will, therefore, be ample appropriations to carry on all projects at as rapid a rate as the Architect's Office will be able to proceed with them.

I thank you. [Applause.]

Mr. AYRES. Mr. Chairman, I yield to the gentleman from Arizona [Mr. DOUGLAS] 10 minutes.

Mr. DOUGLAS of Arizona. Mr. Chairman and members of the committee, arguments have been made on the floor for the last two days with reference to the contract that the Secretary of the Interior has negotiated and executed with certain parties of southern California for the delivery of power and water.

Earlier this afternoon the gentleman from California [Mr. EVANS] discussed the legal question pertaining to the advisability of the city of Los Angeles approving or obtaining the assent of two-thirds of its electors voting at a duly authorized election to the obligations and liabilities sought to be imposed upon it by the contract entered into with and negotiated and executed by the Secretary of the Interior.

The gentleman from California stated that the contract was entirely for service to be rendered. It should be called to his attention, just as it should be called to the attention of every Member of the House, that there are three express obligations and liabilities imposed in the contract; and if gentlemen will bear with me for a minute I will recite them to the members of the committee.

I refer each one of you to the hearings held before the Committee on Appropriations in which the contract will be found. On page 1206, section 9 (a) is the contract entitled "Compensation for Use of Machinery," in which there is the following language:

(9) (a) Compensation for the use, for the periods of lease thereof, of machinery and equipment furnished and installed by the United States, for each lessee, respectively, for the generation of electrical energy, equal to the cost thereof, including interest charges at the rate of 4 per cent per annum, compounded annually from the date of advances to the Colorado River Dam fund for the purchase of such equipment and machinery to June 1 of the year next preceding the year when the initial installment becomes due under this article, shall be paid to the United States by the lessees, severally, in 10 equal annual installments, so as to amortize the total cost (including interest as fixed above), and interest thereafter upon such total cost at the rate of 4 per cent per annum.

Mr. EVANS of California. Mr. Chairman, will the gentleman yield?

Mr. DOUGLAS of Arizona. Yes.

Mr. EVANS of California. Does the gentleman hold that that even comes within the purview of the bond act of the State of California?

Mr. DOUGLAS of Arizona. I think it comes within the purview of reasonable business judgment to require a guaranty prior to the beginning of the construction of this dam that there shall be paid to the United States \$12,000,000, being the city's share of the cost of generating equipment, plus interest, compounded at the rate of 4 per cent per annum, from the date advanced to the Colorado dam, plus interest at 4 per cent for every year thereafter. The question the gentleman has in mind is whether this is a service or not.

Mr. EVANS of California. Yes.

Mr. DOUGLAS of Arizona. And I say this, that inasmuch as paragraph 10 provides that the lease shall be for a period of 50 years, whereas the compensation for the lease and for the occupancy and use of the generating equipment shall be paid in 10 years, I am convinced in my own mind, and I am reasonably certain that there are many other lawyers who are equally convinced, that that is a payment not for service but for something other than service.

Mr. EVANS of California. May I ask the gentleman another question?

Mr. DOUGLAS of Arizona. I am sorry; I have only 10 minutes. I like to yield to the gentleman always, but I can not do it now. That is the first express obligation in this contract. The second express obligation refers to the payment for

the use of the falling water. This obligation is for service. I would not deny it and I do not think it is susceptible of being denied. That is provided for in section 17 of the contract on page 1213 of the hearings. The third express obligation in the contract is to be found in paragraph 25-b, page 1216, of the hearings, and reads:

The city of Los Angeles shall transmit over its main transmission lines constructed for carrying Boulder Canyon power all such power allocated to and used by each of the municipalities, severally.

That is an express obligation to transmit over its main transmission lines, but inasmuch as this transmission line is not now constructed, and inasmuch as there is no transmission line connecting Boulder Dam with the city or with the allottees, then, to quote the language of the Attorney General, which is found in his opinion on page 1201 of the hearings:

Performance of these obligations will require their construction.

What the Attorney General said in full was this:

As none of the transmission lines have been built, performance of these obligations will require their construction.

In other words, if the city is to fulfill the express obligation of transmitting, in the language of the contract, over its main transmission lines, then as a condition precedent to its fulfilling that obligation it must construct its main transmission line. Therefore the city by this contract is committed to the construction of a transmission line 279 miles in length at a cost of approximately \$30,000,000, and with respect to the cost I refer to the hearings—

Mr. OLIVER of Alabama. Does the gentleman understand it is contended by the gentleman from California [Mr. EVANS] that the city of Los Angeles would not be authorized to issue any bonds for the building of that transmission line, even though it was essential in order to get power there for the distribution in the city?

Mr. DOUGLAS of Arizona. I understood the gentleman from California to say that the payment for this contract was a contract for service only. That is why I call attention of the members of the committee to the fact that the contract contains two other express obligations, and with respect to those two the gentleman from California said nothing.

Mr. OLIVER of Alabama. Assuming that the gentleman from California from his standpoint may be correct that the obligation of the city to pay for service only, surely the city, in order to get the benefit of service it seeks must build a transmission line and since that is in line with the acquisition of its power plant, that the city must unquestionably have authority to build such a transmission line?

Mr. DOUGLAS of Arizona. There is no question but that there is authority in the city subject to prior assent of its electors for the issuance of bonds to build the transmission line.

The CHAIRMAN. The time of the gentleman from Arizona has expired.

Mr. AYRES. Mr. Chairman, I yield the gentleman five minutes more.

Mr. DOUGLAS of Arizona. Mr. Chairman, leaving out of consideration for the moment the payment for services, namely, the use of falling water which the Secretary of the Interior says will amount to \$2,427,000 a year, the payments the city of Los Angeles through its department of water and power must make within eight years will amount to \$31,700,000. This is in addition to and exclusive of the \$2,427,000 due on account of the use of falling water. The question arises—what are the resources of the city through its department with which these obligations may be met? The Attorney General holds that its resources are limited to its earnings. The language of the Attorney General is to be found on page 1202 of the hearings, in which he says:

Leaving entirely out of consideration the proceeds from the sale of bonds, which would no doubt require, under section 18 of article 11 of the State constitution, the approval of two-thirds of the electors, and leaving entirely out of consideration the proceeds of loans contracted as provided by section 224 of the city charter, which are authorized only for emergency purposes—no quota and only for a period of five years—and bearing in mind that the department of water and power is not authorized to levy taxes, it is apparent that its resources are limited to its earnings from the sale or use of water and of electric energy, and that over these revenues it has complete control of expenditure for the construction, operation, and maintenance of all works and property for the purpose of supplying the city and its inhabitants with water and electric energy.

Question that arises: What are its earnings, what has been its history with respect to its financial solvency and its earning capacity? In the hearings there is an audit by the firm of Price, Waterhouse & Co. inserted by the Secretary of the Interior, which indicates that in the fiscal year ending June

30, 1929, the water and power department of the city of Los Angeles earned a net income of \$3,626,972.33, of which only \$543,273 was reflected in any manner whatever in liquid assets. I refer the committee to page 1199 of the hearings.

Further from the same audit made by Price, Waterhouse & Co. in the hearings it appears that \$1,996,611 represented the only liquid asset of the water and power department over which it had control for purposes other than the program of construction to which it had been committed, in 1926, by the electors of the city.

The committee should bear in mind that in the audit made by Price, Waterhouse & Co. there is an item of \$20,000,000, plus the \$3,626,973, called surplus. I call the attention of the committee to the fact that the item termed "surplus" represents no liquid asset whatever. It is simply a bookkeeping item, balancing the assets and the liabilities.

Further, the title to all property must be in the city. I refer the members of the committee to section 423 of article 31 of the charter of the city of Los Angeles, as amended in 1929, in which there is the following language:

The title to all property of the city of Los Angeles, now owned or hereafter acquired, including all such property in the name of any officer, board, commission, or department of the city, other than the board of education, shall be vested and held in the name of the city of Los Angeles; and it shall be the duty of every such officer, board, commission, or department, or the successor thereof in office, immediately upon the taking effect of this charter, to execute to the city of Los Angeles such conveyances as may be necessary to put the provisions of this section into effect.

The CHAIRMAN. The time of the gentleman from Arizona has expired.

Mr. AYRES. Mr. Chairman, I yield to the gentleman five minutes more.

The CHAIRMAN. The gentleman from Arizona is recognized for five minutes more.

Mr. DOUGLAS of Arizona. So that the assets of the water and power department are very limited and can not as of today be considered in any way as making the city of Los Angeles through its water and power department a financially responsible party capable of carrying out the liabilities sought to be imposed upon it by the contract.

The advocates contend that the department will be released from the payment of \$3,400,000 plus from the Southern California Edison Co. on account of the purchase of electrical energy from it. When this bill was originally under consideration the House was told that there was a great demand for every kilowatt-hour of electrical energy that could be developed. I wonder if the House was not misled? Either the House was misled then or it is being misled now.

However, if the statement the advocates made two years ago as to the necessity of power is true, and there is the necessity for this power, then the Southern California Edison Co. will not be released from the amount of power now taken by the water and power department of the city of Los Angeles and there will be no avoidance of the payment of the \$3,427,000 to that company. But if the department does release the company prior to the construction of the Boulder Canyon Dam, then the amount of power available to it for sale will be reduced by that amount, and the income of the power and water department correspondingly will be reduced.

Again, if the department released the Southern California Edison Co. when Boulder Canyon Dam is finished, then before that power so released can be replaced with Boulder Canyon power the department must spend \$31,700,000, first for the transmission lines, exclusive of interest, and secondly on account of the first rental payment for the generating equipment. Until the department has expended such a sum it will not be able to replace the power now being taken by the city from the company, and therefore any additional income referred to by the advocates during the 8-year period in which the Boulder Canyon Dam project is to be constructed, can not be seriously considered.

The advocates state that the accumulation of earnings within the next eight years will be sufficient to cover the payment of \$31,700,000, exclusive of interest on the \$30,000,000 for the transmission line and exclusive of the \$2,427,000 on account of service; namely, the use of falling water.

If the gentlemen of the committee will examine the audit of Price, Waterhouse & Co. it will be found that the department, which came into existence in 1917, has accumulated a fund over which it has control throughout the life of its operations—namely, 12 years up to the end of 1929—in the amount of only \$1,996,611.52.

Further, if one were to take the audit as of 1929 and multiply by 8 the amount of the net earnings of the department represented in increase in liquid assets—namely, \$543,273—the total

at the time the department must meet the obligations amounting to \$31,700,000 will amount to but \$4,344,000.

The CHAIRMAN. The time of the gentleman from Arizona has again expired.

Mr. AYRES. I yield to the gentleman three additional minutes.

Mr. DOUGLAS of Arizona. It is further to be pointed out to the committee that the city itself, under section 219 and section 220 and section 3, subsection 6, of the charter, has no power to sell property of this nature, a public utility, or other real property, except upon prior assent of two-thirds of its electors voting at a duly authorized election.

What, then, is the situation with respect to this contract? The city and the department, according to the Attorney General, is bound only to the extent to which the department of water and power is bound. The city, through the department of water and power, from the audit of Price, Waterhouse & Co., can not meet the obligations sought to be imposed upon them. What recourse then will the United States have against the city? Solely against the department of water and power. Since it will not be able to meet the obligations, and since the city is bound only to the extent to which the department is bound, the United States will be barred against talking recourse against the city unless it is provided that the city, at a duly authorized election, provides for the bonds necessary to construct the facilities with which it may utilize the electric energy, and unless, in order that the United States might attach property in the event of default, the city has further, by a vote of two-thirds of its electors at a duly authorized election, consented to the obligations and liabilities sought to be imposed. That, members of the committee, is exactly what the Southern California Edison Co. required the city to do when it entered into a contract with the city for purchase and for service in 1919.

I thank the members of the committee.

ANALYSIS OF AUDIT BY PRICE WATERHOUSE & CO., OF THE DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES RELATIVE TO THE ABILITY OF THE DEPARTMENT TO MEET THE OBLIGATIONS SOUGHT TO BE IMPOSED UPON IT BY THE TERMS OF ITS CONTRACT WITH THE SECRETARY OF THE INTERIOR, DATED APRIL 26, 1930, AMENDED MAY 31, 1930

EXHIBIT I.—City of Los Angeles—Department of water and power—Division of power and light—Balance sheet, June 30, 1929

ASSETS	
Plant and equipment:	
Lands.....	\$7,496,506.31
Power plants and connecting waterways, less credit from water revenue fund for construction of joint waterways.....	10,876,458.39
Transmission system.....	5,460,779.61
Distribution system.....	35,367,211.60
Utilization equipment.....	1,515,242.45
General structures and equipment.....	2,630,492.13
Construction work in progress.....	2,309,768.19
	(1) \$65,656,458.68
Construction funds: Cash on hand and with city treasurer.....	(2) 1,064,193.56
Bond interest and sinking funds:	
Cash with city treasurer—	
For payment of matured bonds and coupons.....	159,852.50
For future maturities.....	3,324,641.70
	3,484,494.20
Construction materials and supplies.....	2,148,036.71

EXHIBIT III.—City of Los Angeles, department of water and power, division of power and light; statement of electric-plant bonds, June 30, 1929

Election	Authorized	Date of issue	Interest rate per cent	Sold	Matured	Outstanding	Annual maturities	
							Amount	Period
1910.....	\$3,500,000	June 1, 1911	4½	\$3,500,000	\$1,300,000	\$2,200,000	\$100,000	1930-1951
1914.....	6,500,000	Aug. 1, 1914	4½	6,500,000	3,000,000	3,500,000	250,000	1929-1942
1919.....	13,500,000	Aug. 1, 1921	5	13,500,000	1,125,000	12,375,000	375,000	1929-1961
1924.....	16,000,000	Oct. 1, 1924	4½	8,000,000	800,000	7,200,000	200,000	1929-1964
		Oct. 1, 1925	4½	4,000,000	300,000	3,700,000	100,000	1929-1965
		Oct. 1, 1926	4½	2,000,000	100,000	1,900,000	50,000	1929-1966
		do.	4½	500,000	28,000	472,000	14,000	1929-1961
							10,000	1962
		Oct. 1, 1927	4½	1,500,000	38,000	1,462,000	38,000	1929-1966
1926.....	11,000,000	Nov. 1, 1926	4½	2,000,000	100,000	1,900,000	50,000	1929-1966
		do.	4½	1,000,000	56,000	944,000	28,000	1929-1961
							20,000	1962
		Nov. 1, 1926	4	2,500,000	126,000	2,374,000	63,000	1929-1965
							43,000	1966
		July 1, 1928	4½	500,000		500,000	14,000	1929-1963
							10,000	1964
		July 1, 1928	4½	2,000,000		2,000,000	50,000	1929-1968
	50,500,000			47,500,000	6,973,000	40,527,000		
Matured bonds not presented for payment at June 30, 1929:								
1910 issue.....					85,000			
1919 issue.....					1,000	86,000		
Total electric-plant bonds outstanding June 30, 1929 (Exhibit I).....						40,613,000		

(See page 1198 Hearings on Second Deficiency Bill, 1930.)

Accounts receivable:	
Consumers.....	\$845,537.15
Miscellaneous.....	118,619.47
	964,056.62
Less reserve for doubtful accounts.....	23,181.68
	(3) \$940,874.94
Revenue funds: Cash on hand and with city treasurer.....	(4) 1,996,611.52
Deferred charges:	
Preliminary engineering and similar expense.....	306,430.66
Miscellaneous.....	55,064.42
	361,495.08
	75,652,164.69

LIABILITIES	
Electric-plant bonds (Exhibit III):	
Serial bonds, unmatured.....	40,527,000.00
Matured bonds not presented for payment.....	86,000.00
	40,613,000.00
Accrued interest on bonds:	
Matured coupons not presented for payment.....	73,852.50
Accrued but not due.....	589,537.92
	663,390.42
Purchase-money obligations.....	45,545.55
Water-revenue fund, current account.....	151,509.40
Accounts payable:	
Southern California Edison Co.....	240,071.30
Others.....	323,247.18
Extension deposits.....	527,452.23
Accrued pay rolls.....	165,044.47
	1,255,815.18
Unamortized premium on bonds.....	218,346.55
Reserve for depreciation.....	4,943,148.38
Investment from proceeds of taxation.....	3,736,759.46
Surplus arising from operations:	
Balance June 30, 1928.....	20,397,277.52
Net income year ending June 30, 1929 (Exhibit II).....	3,626,972.73
	(5) 24,024,249.75
	75,652,164.69

(See pages 1195 and 1196 of the Hearings on Second Deficiency Appropriation Bill, 1930.)

EXHIBIT II.—City of Los Angeles—Department of water and power—Division of power and light

INCOME ACCOUNT FOR THE YEAR ENDING JUNE 30, 1929	
Gross income:	
General consumers, lighting.....	\$8,428,375.17
General consumers, power.....	3,854,993.86
Governmental consumers, lighting.....	2,080,991.45
Governmental consumers, power.....	242,262.84
Miscellaneous electric revenues.....	32,736.69
Other income.....	98,402.57
	\$14,737,762.58
Deduct—Expenses:	
Production.....	178,410.10
Transmission.....	238,499.88
Power purchased.....	3,422,642.37
Distribution.....	1,303,008.53
Utilization.....	467,973.74
Commercial.....	887,340.72
General.....	1,030,204.39
	7,528,079.23
Net income before interest, depreciation, etc.....	7,209,683.35
Deduct:	
Interest paid and accrued.....	\$1,855,045.86
Less interest received.....	93,565.22
	1,761,480.64
Provision for depreciation of plant and equipment.....	1,567,832.00
Miscellaneous charges and adjustments (net).....	253,398.48
	3,582,711.12
Net income (Exhibit I).....	(1) 3,626,972.23

(See pages 1196 and 1197 Hearings on Second Deficiency Appropriation Bill, 1930.)

EXHIBIT IV.—City of Los Angeles—Department of water and power—Division of power and light

SUMMARY OF RESOURCES AVAILABLE AND DISPOSITION THEREOF, YEAR ENDING JUNE 30, 1929

Resources available:	
Net income for the year ending June 30, 1929 (Exhibit II) (1).....	\$3,626,972.23
Add provision for depreciation of plant and equipment.....	1,609,875.00
	5,236,847.23
Deduct proportion of bond premium amortized.....	14,066.01
	5,222,781.22
Funds derived from operations.....	2,502,199.00
Bonds sold, 1926 issue (including \$2,199 premium).....	269,868.13
Decrease in construction funds with city treasurer.....	20,000.00
Appropriated from reserve fund of city (power and light portion).....	
Total.....	8,014,848.35
Accounted for as follows:	
Additions to plant and equipment (net).....	4,296,999.57
Expenditures for replacements, etc.....	646,586.28
Expenditures for repairs to power plant No. 2 and aqueduct guarding expense charged to reserve for contingencies.....	320,000.00
Bonds matured.....	1,268,000.00
Decrease in purchase money obligations.....	73,350.50
Authorized payment into general fund of city.....	20,000.00
Increase in working capital (per accompanying table) (1).....	1,316,909.07
Increase in net assets of bond interest and sinking funds (per accompanying table).....	73,002.93
As above.....	8,014,848.35

	June 30, 1928	June 30, 1929
COMPARISON OF WORKING AND CURRENT ASSETS AND CORRESPONDING LIABILITIES		
Assets:		
Materials and supplies.....	\$2,733,564.73	\$2,148,036.71
Accounts receivable.....	922,635.13	940,874.94
Cash.....	1,453,338.50	(1) 1,996,611.52
Deferred charges.....	305,227.40	361,495.08
	5,414,765.76	5,447,018.25
Liabilities:		
Accounts payable.....	1,816,583.42	1,255,815.18
General fund of city.....	750,000.00	
Water revenue fund.....	125,397.74	151,509.40
	2,691,981.16	1,407,324.58
Difference, representing working capital.....	2,722,784.60	4,039,693.67
Increase therein.....	1,316,909.07	
COMPARISON OF NET ASSETS OF BOND INTEREST AND SINKING FUNDS		
Assets (cash).....	3,381,642.52	3,484,494.20
Liabilities:		
Matured bonds not presented.....	101,000.00	86,000.00
Accrued interest.....	618,941.67	663,790.42
	719,941.67	749,790.42
Net assets.....	2,661,700.85	2,734,703.78
Increase therein.....	73,002.93	

I hereby certify that the foregoing is a full, true, and correct copy of statement of audit report and accounts of the bureau of power and light, by Price, Waterhouse & Co., June 30, 1929.

JAS. P. VROMAN,
Secretary Board of Water and Power
Commissioners of the City of Los Angeles.

(See p. 1199, Hearings on Second Deficiency Bill, 1930.)

ANALYSIS OF EXHIBIT I BY NUMBERS

(1) Inasmuch as under the provisions of section 423 of the charter of the city of Los Angeles which requires that title to and exclusive control of all real property must be vested in the city and not in the department, this item must not be construed as an asset of the department. Further, inasmuch as under the contract the city is bound only to the extent to which the department may have available the funds necessary to meet the obligations sought to be imposed and inasmuch as this item, under the provisions of section 423 of the charter does not represent an asset of the department it must not be construed as reflecting in any way whatsoever the ability of the department to meet the obligations sought to be imposed by the contract.

(2) This item, represents the unexpended proceeds of the sale of 1926 electric-plant bonds, is pledged to purposes other than those of meeting the obligations sought to be imposed by the contract and can not, therefore, legally be used for the purpose of meeting the obligations sought to be imposed.

(3) This item is less than accounts payable and therefore represents no net liquid asset of the department.

(4) This item represents the only liquid asset of the department over which it has control and of the date of the audit is the sole asset of the department available to it to meet obligations sought to be imposed by the contract in the minimum amount of \$31,700,000.

(5) Since the department may not legally own property and since this item does not represent an asset of the department it must be

construed as being solely a bookkeeping item to balance assets with liabilities.

ANALYSIS OF EXHIBIT II

(1) On Tuesday, May 20, 1930, two-thirds of the qualified electors of the city of Los Angeles voting at a legally held election authorized the sale of bonds in the amount of \$38,800,000 for purposes of increasing the water supply of the city of Los Angeles, and incidentally increasing the power output of the department. Inasmuch as the lowest rate of interest which the city has paid and is now paying on its bonds sold for purposes similar to the instant authorized issue is 4½ per cent, it may be safely assumed that the \$38,800,000 bond issue authorized will bear at least the same rate. At the rate of 4½ per cent, the net interest which must be paid annually will be increased in the minimum amount of \$1,746,000 and the net income consequently will be decreased by the same amount or will fall from \$3,626,972.23 to \$1,880,972.23.

ANALYSIS OF EXHIBIT IV

(1) Of the net of \$3,626,972.23 before deductions on account of \$1,746,000 increase in interest charges only \$1,316,909.07 was reflected in increased working capital, and of that amount only \$543,273.02 represented an increase in cash—the only liquid asset over which the department has control.

Mr. AYRES. Mr. Chairman, I yield to the gentleman from Missouri [Mr. LOZIER] such time as he desires to complete his statement.

Mr. LOZIER. Mr. Chairman, section 2804, Revised Statutes of the United States, became effective July 28, 1866. It is as follows:

No cigars shall be imported unless the same are packed in boxes of not more than 500 cigars in each box; and no entry of any imported cigars shall be allowed of less quantity than 3,000 in a single package; and all cigars on importation shall be placed in store or bonded warehouse, and shall not be removed until the same shall have been inspected and a stamp affixed to each box indicating such inspection, with the date thereof. And the Secretary of the Treasury is hereby authorized to provide the requisite stamps and to make all necessary regulations for carrying the above provisions of law into effect.

This has been the law of the land for 64 years and has never been amended in any particular. This law was enacted to build up the cigar industry in the United States and protect it from ruinous competition from cigars produced in Cuba by cheap labor, from tobacco grown by cheap Cuban labor on cheap Cuban land. It was designed not only to protect the American manufacturers of cigars but the laboring men in the United States engaged in the manufacture of cigars. Obviously it was designed to give the American cigar industry control of the American market for cigars. It had that effect, and since July 28, 1866, until the Hawley-Smoot Tariff Act was signed by President Hoover, cigars manufactured in Cuba or elsewhere abroad could not be shipped into the United States in less quantities than 3,000 in a single package; and all imported cigars on their arrival at the United States ports were sent direct to store or warehouses for inspection and stamping by representatives of the Secretary of the Treasury. Without this inspection and stamping foreign cigars could not pass through the channels of trade and commerce and be sold in the United States.

This act prohibiting the importation of foreign cigars in less quantities than 3,000 was a great boon, not only to the American manufacturers of cigars, but to the workmen. If this law had not been in effect, the manufacturers of cigars in Cuba could have flooded the United States with cigars made in Cuba by poorly paid Cuban labor out of cheap tobacco grown by cheap Cuban labor on cheap Cuban land. The law was helpful not only to the American manufacturer and laborer, but to the growers of tobacco in the United States.

Under this law parcel-post shipments of cigars from Cuba are practically prohibited. For many years the manufacturers of cigars in Cuba, assisted by American importers and other interests have labored unceasingly to secure the repeal of this law so that parcel-post shipments of Cuban-made cigars could flood the American markets. At every session of Congress bills have been introduced to repeal this act and a well organized and powerful lobby has endeavored to secure favorable action on this legislation. Heretofore all these efforts to repeal this law have ended in failure. Neither political party would stand for the repeal of this 64-year-old statute. Realizing that in a fight made in the open the proposal to repeal this law would be overwhelmingly defeated, the enemies of this law cunningly went to work to do indirectly, something that they could not do directly. Obviously their plan was to insert in some lengthy bill a provision repealing the act of July 28, 1866, in the hopes that in a multitude of provisions in such a measure this particular provision would be overlooked and slip by and would be

enacted under cover. This they have succeeded in accomplishing, much to the surprise of Congress and the American people, and it was done by slipping a "joker" into the Hawley-Smoot tariff bill.

Immediately after President Hoover signed this tariff bill it was printed officially as Senate Document 166. If you will turn to pages 192 and 193 of this document you will find section 651 entitled "Repeals." This section repeals the Fordney-McCumber tariff bill of 1922 and all acts and parts of acts inconsistent with the provisions of the Hawley-Smoot bill. But on page 193, subparagraph (4), appears the following language:

Section 2804 of the Revised Statute, as amended (relating to limitations on importation packages of cigars).

Section 2804, enacted in 1866, is repealed, and the interests that have been trying for years to secure the repeal of this provision, have finally, and may I say, secretly, accomplished their sinister and selfish purpose. Two lines repealing this old statute were slipped into this bill and passed without the committee having called their report to the attention of the House. The tariff bill was a very voluminous document, consisting of several hundred pages, carrying several thousand provisions.

I doubt if a half a dozen members knew that the tariff bill contained this provision or if they read subparagraph (4) or examined the statutes to ascertain the purport of section 2804. It was reasonable to assume that the statute sought to be repealed by this act had reference exclusively to the tariff. Members of the House naturally assumed that substantive laws not relating to the tariff would not be repealed in this tariff act. I wonder how many members of the Ways and Means Committee understood this provision or knew that this bill repealed the act of 1866. It is probable that this provision was slipped into the bill under cover and without the matter having been given proper publicity, and probably without the full committee having discussed or considered its purport. Surely the Ways and Means Committee would not knowingly lend its influence to legislative legerdemain of this kind, and I am convinced that someone put something over on the Ways and Means Committee.

The Hawley-Smoot tariff bill was written by the Republican members of the Ways and Means Committee, the Democratic members having been excluded from the conference. The odium for having permitted this "joker" to be inserted in this bill must, of course, rest on the Republican members of the Ways and Means Committee who formulated this act.

When the bill was reported to the House it was considered under a rule reported by the Republican members of the Rules Committee. Under this ruling the bill was not open for amendment except under conditions controlled by the chairman and Republican members of the Ways and Means Committee. When the bill was being considered the chairman of the committee, in offering committee amendments, did not commence at the first of the bill and offer the amendments to the sections as they were reached in the reading of the bill, but he "jumped about" from place to place, offering amendments first here and then there, and now amending sections near the end of the bill, then sections near the beginning, and continuing this "skip about" process until the membership of the House in attempting to follow the acrobatic performance of the committee were overcome with dizziness; thereby rendering it impossible for the House to intelligently consider an amendment when it was offered.

Of course, the purpose of this legislative acrobatic feat was to prevent the systematic and orderly consideration of the bill, and not only are the Republican members of the Ways and Means Committee responsible for the insertion of this cigar joker of the bill but, the Republican membership of the House and Senate are to blame for the repeal of the act of 1866. If they had laid their cards on the table and frankly stated to the membership that the bill proposed the repeal of the act of 1866, I am sure that not a dozen Members of the House would have voted for this provision.

I am wondering what the cigar manufacturers in the United States will say when they learn that the Hawley-Smoot tariff bill repeals the act of 1866 and permits the importation of Cuban cigars and their distribution by parcel post throughout the length and breadth of our land. Under this new tariff act these Cuban cigars may be imported and distributed by parcel post in quantities of one or more.

I am also anxious to know what the cigar makers of the United States will say about this Republican tariff bill when they realize that the most important item of protection they have enjoyed since 1866 has been withdrawn.

Hundreds of millions of cigars are made in the State of Florida. The manufacture of cigars in Tampa, Key West,

Jacksonville, and other Floridian cities is one of the most important industries of that State. When the Hawley-Smoot tariff bill passed the House the four Representatives from Florida are recorded as having voted for it. The two Senators from Florida voted for the measure. Without the vote of these two Senators the tariff bill would not have passed the Senate or become a law. I do not envy the Representatives and Senators from Florida in their present predicament. I wish I could extricate them from their embarrassing situation. In their zeal to get a spoonful of pottage in the form of a tariff on winter vegetables and a few other products, they placed on the backs of the people of Florida an immense burden in increased cost of practically everything the Floridian buys in his pilgrimage from the cradle to the grave. To get a dime's worth of protection on spinach and onions the people of Florida will be compelled to pay millions of dollars additional on their purchases of manufactured commodities; and what is more pathetic, the tariff baby which they have suckled and nurtured strikes down the protection that the cigar industry of Florida and the Nation has enjoyed for 64 years.

Verily, in the language of Poor Richard, the people of Florida will pay dearly for their tariff whistle.

Moreover, Representatives and Senators from other States, in voting for the Hawley-Smoot tariff bill, struck a deadly blow at American labor in general and the cigar industry of our Nation in particular. This instance illustrates how easy it is for a Democrat to fall into a bottomless pit when he abandons the fundamental principles of the Democratic Party and becomes an advocate of special-privilege legislation.

The Republican Party can not escape responsibility for the wrongs the Hawley-Smoot tariff law will inflict on the American people. It can not evade responsibility for having under cover repealed the act of 1866, thereby strangling the cigar industry in general and the great army of cigar makers in particular. And President Hoover, by signing this bill, ratified the action of his party in standing by and holding the clothes of those who stoned and killed the act of 1866.

Those of us who voted against the comedy of errors known as the Hawley-Smoot tariff bill are not responsible for this and the many other iniquities and jokers contained in this measure. We who voted against the measure found so many vicious provisions that we did not have time to go through the bill with a fine-tooth comb and uncover the vermin that was breeding in the nooks and corners of this pest-infected measure. Full responsibility must be placed on those who formulated the bill, and by their votes enacted it. [Applause.]

Mr. AYRES. Mr. Chairman, I yield to the gentleman from Georgia [Mr. LANKFORD] such time as he may desire to complete his statement.

Mr. LANKFORD of Georgia. Mr. Chairman, the farmer is losing out because those in power are making laws to his detriment rather than for his benefit. He is being robbed and the day of retribution is about to overtake his robbers. The whole country is on the verge of a panic as the result of the basely unjust laws that have been made and because of our unfair economic system.

The farmer is not getting a square deal. Congress has never passed a really worth-while, honest-to-goodness farm-relief measure. The present Farm Board is not to blame. Congress is to blame. I mean those in control are to blame. The farmers' friends are not to blame, but his enemies, who are in the majority here, are to blame.

This Congress is approaching adjournment and as usual, but without much foundation, I still have hope for better legislation at next session. We must help the farmer or, in letting him lose, all will be lost. What I have just said is very evident just at this time. Farm-loan foreclosures are taking place everywhere. Farm lands are falling into the hands of the loan companies. The farmers are losing out. These farms are being abandoned. Something is wrong. The loan companies do not need or want the farms. What can we do? I am offering what I hope may prove to be a solution in the form of a bill to enable and authorize the Government to refinance the distressed long-term farm loans, where the farmer has either lost his farm by foreclosure or is about to lose it.

Foreign debts have been refinanced on much more liberal terms than I am suggesting for the farmers. There has been a straight donation of most of the amount of the foreign debts. I am asking no donation to these unfortunate farmers. I am only asking that they and their children be given 40 years' time in which to pay the debt, with interest at 4 per cent per annum. This would require a very small payment each year unless the farmer desired to pay more. If we ever pass some real farm relief legislation, the farmers could redeem their farms in a few years and have some money to spare.

Congress voted to take care of the losses of the railroads occasioned by the World War. Why not do the same thing for the farmers? All honest patriotic men favor a square deal for the veterans of the World War. The farmers are victims of the World War and the deflation period that followed it. Why not give them a square deal also? It would be money well spent, even if it should cost a few million dollars.

I believe, though, that it would cost very little. Very probably the loan concerns would exchange the farms owned by them for Government bonds for such time and rate of interest as could be met by the annual payments of the farmers.

After mature study I believe the plan suggested in my bill is practical and can be put into effect on a sound economic basis. I am trying to deal with what I believe to be a very serious problem. I have faith in my plan and invite friendly criticisms. If my idea is not good, then, will some one please suggest a solution for this menace to the very existence of the independent farmer? I shall not discuss this measure further at this time. It is my purpose, though, to insist on a thorough study of the bill and complete committee hearings.

The bill is a reclamation measure and seeks to reclaim abandoned farms rather than desert lands, and therefore was referred to the Committee on Irrigation and Reclamation, of which I am a member.

Just now I wish to briefly refer to several other legislative proposals of interest to my people. I am not naming the many measures which have been passed. I only wish to call attention to some fundamentals on which I and my colleagues have done much, but which, as yet, might be termed unfinished business. In fact, some of these subjects will never be finished, for always there will be those favoring them as well as those opposing them. My many speeches, bills, votes, and labors in behalf of these ideas only constitute a part of the mighty, ceaseless conflict which has taken place and is still going on.

While we have gained many objectives, still we find more and more to be done. I trust I may now point out some of the ideals which have inspired my best efforts in the past and which shall guide and direct me in the future.

Mr. Chairman, by speeches, bills, and every available proper method I am fighting for ideals which I believe best for my people and Nation, a few of which are as follows:

(a) Equality for the farmer by enabling him to name the price of what he sells as fully as others name the price of what he buys.

(b) The sale of farm products more directly from the producer to the consumer, thus eliminating unnecessary middlemen, helping the farmer get a better price, and the consumer get a fresher, better product for less money.

(c) Extension of the parcel-post system so as to insure a much cheaper rate for transportation of identical packages of farm and other products directly from producer to consumer.

(d) Free government grading of tobacco when desired by the farmer.

(e) Return of all or a large part of tobacco taxes for State purposes, thus lessening State and county taxes.

(f) The recognition of turpentine and other similar naval stores products as entitled to the same Federal farm aid and protection as is accorded other farm products.

(g) The construction of Government buildings for postal and other Federal purposes in all cities with annual postal receipts of \$5,000 or more instead of requiring \$10,000 or more annual receipts as is now the case.

(h) A canal across south Georgia and north Florida connecting the intracoastal waterway of the Atlantic Coast with that of the Gulf, along the best and most practical route, to be determined by the Army civil engineers.

(i) Such irrigation, drainage, and flood control throughout my district and the Nation as is essential to the development and protection of low-land areas.

(j) Return, by Federal aid to good roads and other State projects, of at least a reasonable part of the money the big cities have received and are now getting from the rural sections, as well as a return by Federal aid to State activities of a large part of the money the United States Government collects as tariff duties and other Federal taxes from the consuming public, but with the distinct provision that the control of these matters shall at all times remain absolutely and unqualifiedly in the respective States and subdivisions thereof.

(k) Government aid or refinancing, at 4 per cent interest on long time, to distressed farmers by helping them keep their farms or rebuy them where already sold.

(l) Absolutely a square deal for our veterans of all wars at all times everywhere.

(m) Promotion and protection of the livestock, timber, and every other legitimate industry of south Georgia and the Nation.

(n) Safeguarding the farmer, the laboring man, the independent business man, the individual citizen, and the common people against all unlawful or unfair treatment by or because of large combines of wealth and powerful monopolies.

(o) Tariff, where effective, on products my people sell to offset and lessen the effects of tariff on articles my people buy.

(p) A square deal for my section in river and harbor and all other Federal improvements.

(q) Reestablishment of government by the people rather than by bureau chiefs and other Federal appointees.

(r) The control of the Government by the people rather than the control of the people by the Government.

Mr. Chairman, those of us fighting for these principles and other similar ones have gained many battles; we have lost still more. Let us hope for the reelection of all who are true, and for more Members than ever before battling for the right in the next Congress.

Mr. AYRES. Mr. Chairman, I yield to the gentleman from Alabama [Mr. OLIVER] two minutes.

Mr. OLIVER of Alabama. Mr. Chairman, I desire to employ the two minutes assigned me in asking one or two questions of the gentleman from California, not in any controversial mood, however. The gentleman was present, I think, when I asked a question of the gentleman from Arizona [Mr. DOUGLAS] as to whether there was any insistence, on the part of those from California who had spoken as to limitations of the power of the city of Los Angeles, that the city had no authority to build a transmission line.

Mr. EVANS of California. The city of Los Angeles, under the authority granted by the general bond act of 1901, undoubtedly has authority to issue bonds by a two-thirds vote, to build a power line, provided the city of Los Angeles by a two-thirds vote of its city council should first convene and resolve that the cost of the power line would be too great to be met out of the ordinary annual income and revenues of the city, which fact I maintain can not be found in the face of the audit of the Price, Waterhouse Co. of the revenues of the bureau of light and power.

In that connection I maintain that at this time there is no legal premise under which the city of Los Angeles could proceed to issue legal bonds for that purpose.

Mr. OLIVER of Alabama. Even though two-thirds of the citizens should vote in favor thereof?

Mr. EVANS of California. Even though two-thirds of the citizens should vote in favor thereof.

Mr. OLIVER of Alabama. Do I understand that before an election can be called there first must be a definite ascertainment by the council that the usual annual revenues of the city would be insufficient to build the transmission lines?

Mr. EVANS of California. To meet the payments by the time those transmission lines are necessary.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. AYRES. Mr. Chairman, I yield 20 minutes to the gentleman from Tennessee [Mr. DAVIS]. [Applause.]

Mr. DAVIS. Mr. Chairman and members of the committee, as fully as time permits I shall discuss one of the gravest and most important problems confronting the American people. Under the leave granted, I shall extend my remarks by including certain documents and quotations which I shall not have time to read.

GOVERNMENT SUIT AGAINST THE RADIO TRUST

On the 13th of last month there was filed in the United States District Court of Wilmington, Del., the most important anti-trust suit in the history of this country, because, if prosecuted to a logical conclusion, it will result in the dissolution of the most powerful, wealthiest, most sinister, and most arrogant monopoly, which ever oppressed the public, terrorized its competitors, or flaunted the laws of any country.

This action was commenced by the Attorney General of the United States against 10 corporations with aggregate assets of \$6,000,000,000, who are charged in the petition with violating the Sherman antitrust law. The combination against which this suit was directed are generally known to the public as the Radio Trust.

The 10 corporations against whom this suit was brought are the Radio Corporation of America, General Electric Co., American Telephone & Telegraph Co., Western Electric Co. (Inc.), Westinghouse Electric & Manufacturing Co., RCA Photophone (Inc.), RCA Radiotron Co. (Inc.), RCA Victor Co. (Inc.), General Motors Radio Corporation, and General Motors Corporation.

According to their balance sheets of December 31, 1928, the assets of the chief defendants were:

RCA Victor Co.....	\$141,563,336
General Electric Co.....	460,455,322
Westinghouse Electric & Manufacturing Co.....	233,690,111
American Telephone & Telegraph Co.....	3,826,683,584
General Motors Corporation.....	1,242,894,869
	5,905,287,222

The assets of these companies have since been materially increased; the assets of the American Telephone & Telegraph system, at the end of 1929, according to the company's statement, were \$4,228,430,088.

This does not enumerate the assets of several of the defendant companies.

The petition in this case, which is signed by the Attorney General of the United States and five assistants to the Attorney General, as well as by the United States Attorney, is admirably drafted, apparently after careful and deliberate thought and preparation.

The petition in this case constitutes a ringing indictment against this lawless Radio Trust. For the information of those who may desire to read the entire petition, I beg to advise that this petition was inserted in the CONGRESSIONAL RECORD, on May 14, 1930.

However, a strange and disappointing feature of this suit is that the petition does not clearly cover the Radio Trust monopoly in the communication field, and furthermore, two companies whose contracts and conduct clearly align them with this powerful Radio Trust, and who were specifically charged by the Federal Trade Commission with being members of this monopoly, are conspicuous by their absence, as defendants.

One of these members of the Radio Trust is the United Fruit Co., with assets of about \$250,000,000. The United Fruit Co. also has a virtual monopoly of the banana business in this country and in Europe. It has powerful influence in Washington. It operates a fleet of ships, primarily for the transportation of its bananas; many of these ships are operated under foreign flags and with alien crews.

This company desired some valuable ocean-mail contracts, and with the aid of two other hybrid shipping companies and of the Postmaster General, who eagerly rushed to their rescue, succeeded in having chloroformed the bill which very properly provided that no ocean-mail contract should be awarded to any company operating foreign-flag ships in competition with American-flag ships, after such bill had been unanimously reported by the Committee on the Merchant Marine and Fisheries, a resolution for its consideration had been unanimously reported by the Committee on Rules, and it had passed the House without a dissenting voice or vote. While this bill was still pending in the Senate committee the United Fruit Co. succeeded in inducing the Postmaster General to award it three valuable mail contracts amounting in the aggregate to about \$9,000,000. This unseemly haste notwithstanding the fact that performance under two of said contracts was not to commence for about three years, for the very good reason that the United Fruit Co. does not now have adequate American ships to perform the service.

Great is the Radio Trust! Great is the Banana Monopoly!

The other members of the Radio Trust not included among the defendants in this suit is the International Telephone & Telegraph Co., with assets of \$389,914,333, which has an agreement to buy the Radio Trust foreign communication services, worth about \$15,000,000 for \$100,000,000 worth of stock in said International Telephone & Telegraph Co., if and when Congress can be induced to so far forget the public interest as to repeal section 17 of the radio act of 1927, which prohibits such a monopoly. The Radio Trust has for more than a year been disseminating false propaganda and exerting strenuous efforts to effect the repeal of said section, but has made no appreciable impression upon the Members of Congress.

Not only are these two companies omitted from the defendants in the Government suit, but likewise the communication subsidiaries of the Radio Corporation of America, particularly RCA Communications (Inc.) and the Radio Marine Corporation.

No explanation has been offered as to why these members of the Radio Trust were omitted. Surely the Department of Justice does not wish to safeguard this monopoly against the very salutary provisions of section 13 in the radio act of 1927, which directs that the licensing authority shall refuse a radio license for broadcasting, commercial communication or other purpose, to any corporation which has been adjudged guilty by a Federal court of unlawfully monopolizing or attempting unlawfully to monopolize radio communication, directly or indirectly, through the control of the manufacture or sale of radio apparatus, through exclusive traffic arrangements, or by any other means, or to have been using unfair methods of competition. This provision of the radio law is self-enforcing. However, immunity

from its provisions continues so long as the violator of the law is not adjudged guilty, notwithstanding the fact that the members of the Radio Trust are daily and flagrantly violating the laws. These omitted companies hold licenses for the use of hundreds of most valuable wave lengths in the field of both domestic and international communication.

Furthermore it is admitted that the Radio Corporation of America and its communication subsidiaries have an absolute monopoly in international radio service between this and foreign countries. David Sarnoff, vice president and general manager of the Radio Corporation of America, testified before the Committee on the Merchant Marine and Fisheries "that the international radio service is a natural monopoly and should be." Owen D. Young, the leading figure in the Radio Trust, has several times given utterance to similar sentiments.

This aspect of the case is accentuated by the boasts of the Radio Trust that it has used and will continue to use its monopolistic control of radio patents to keep competitors out of the wireless communication field. In the hearings of the House Committee on the Merchant Marine and Fisheries, in January, 1929, in answer to a question put by me, Manton Davis, vice president and general attorney for the Radio Corporation, testified that—except for a recent restricted modification with respect to press associations—"the refusal to sell or lease apparatus to competitors for international communication purposes is included in the well-defined policy of the Radio Corporation of America."

In the hearings of the Senate Committee on Interstate Commerce, December 10, 1929, page 1196, Owen D. Young testified that this policy of the Radio Trust was still maintained.

So we have the spectacle of this huge combination defiantly announcing that it intends to use its alleged patent monopoly to keep competitors out of the field of radio communication, even though they have licenses from the United States Government.

However, with the exceptions noted, the petition in the Government suit against the Radio Trust is, in my opinion, ably and admirably drawn and constitutes a severe arraignment of the infamous conduct of the trust and forcefully seeks to terminate same.

Another rather disconcerting feature of this suit is that at the time it was instituted the Department of Justice gave out a statement, in part, as follows:

It is announced at the Department of Justice that there is to-day (May 13) filed on behalf of the United States a suit under the Sherman Act in the district court of Wilmington, Del., to test the legality of the arrangement existing between the Radio Corporation, General Electric, Westinghouse, American Telephone & Telegraph Co., and six other corporations.

The patent arrangements originally made between several of the defendants have been steadily increased in number and enlarged in scope until the defendants now practically have control of radio and its development. This control has been brought about by a novel method of cross licensing patents. The suit is concerned chiefly with the legality of these patent arrangements.

Upon the commencement of this action, the chairman of the executive committee of the Radio Corporation of America gave out a statement in which he, among other things, declared:

The Radio Corporation of America welcomes a suit of the Government of the United States to test the validity of its organization, which has now existed for more than 10 years—

And so forth.

This notwithstanding the fact that it is a matter of common knowledge that the Radio Trust has all along exerted every effort to prevent action.

However, I am going to assume that this suit was brought in good faith, and that the Department of Justice officials in charge of same will patriotically, honestly, efficiently, and vigorously perform their full duty.

This belief is strengthened by the attitude of President Hoover, which he so aptly and forcefully stated a few years ago at a hearing before the Committee on the Merchant Marine and Fisheries.

In view of the position of Mr. Hoover and his former connection and great familiarity with radio, I want to particularly invite the attention of the Members to what he said upon this subject. Mr. Hoover, then Secretary of Commerce, and in full charge of radio regulation, among other things declared:

Not only are there questions of orderly conduct between the multitude of radio activities in which more authority must be exerted in the interest of every user, whether sender or receiver; but the question of monopoly in radio communication must be squarely met.

It is inconceivable that the American people will allow this new-borne system of communication to fall exclusively into the power of any individual, group, or combination. Great as the development of radio distribution has been, we are probably only at the threshold of the development of one of the most important of human discoveries bearing on education, amusement, culture, and business communication. It can not be thought that any single person or group shall ever have the right to determine what communication may be made to the American people.

In this connection, I wish to state that I am glad I am not speaking over the radio, but in this forum, where I shall not be cut off from my auditors, as former Senator James A. Reed was the other night while speaking over the radio, when he commenced an arraignment of the Radio Trust.

Reverting to the quotation from Mr. Hoover, he further stated:

We can not allow any single person or group to place themselves in position where they can censor the material which shall be broadcasted to the public.

Radio communication is not to be considered as merely a business carried on for private gain, for private advertisement, or for entertainment of the curious. It is a public concern impressed with the public trust, and to be considered primarily from the standpoint of public interest to the same extent and upon the basis of the same general principles as our other public utilities.

ATTORNEY GENERAL DAUGHERTY'S ATTITUDE

The commencement of this suit, I trust, terminates an immunity which has existed with respect to this trust for approximately nine years. [Applause.] When they first began the formation of this trust they sought an assurance of immunity from Attorney General Harry M. Daugherty, and while in his letter of reply—which I shall insert in the RECORD—he admitted that he had no authority to grant such immunity or to render an opinion upon the validity of the contracts into which they had entered, yet he then proceeded to express such great friendliness and sympathy and gave such strong personal assurances of protection that they treated it as an immunity and have ever since boldly asserted that they have been operating with the approval of the United States Government. I am glad we now have an Attorney General who views his official responsibility and duty differently from the former Attorney General, who was so completely discredited and driven from his office in disgrace.

FEDERAL TRADE COMMISSION INVESTIGATION

On February 12, 1923, the gentleman from Maine [Mr. WHITE] introduced a House resolution requesting the Federal Trade Commission to investigate and report to the House of Representatives as to the various contracts and activities of the Radio Trust.

The Committee on the Merchant Marine and Fisheries unanimously reported said resolution to the House February 22, 1923, accompanied by the following report:

[To accompany House Resolution 548]

The Committee on the Merchant Marine and Fisheries, having considered House Resolution 548, reports the same to the House without amendment, with the recommendation that the resolution be passed. The members of the committee are unanimous in their approval of the resolution.

The House recently passed House bill 13773. In the preparation of that bill the members of your committee felt constrained to limit its scope because of a lack of accurate information on certain important phases of the general subject of radio. That bill, therefore, dealt only with those matters concerning which we were advised and upon which we deemed it vital that there should be prompt action by the Congress.

It is a matter of common assertion that the development of the art, its use, and enjoyment is being hampered and restricted through the acquisition of a few closely affiliated interests of basic radio patents, and that the intent and effect of the practices of these interests is to establish a monopoly in radio instruments and parts thereof. It is charged that agreements have been entered into between manufacturers and dealers in radio apparatus the purpose and effect of which is to eliminate competition, to restrict the sale, and to unwarrantably maintain the price of instruments and their parts. There is evidence of record of contracts or agreements made which purport to give exclusive rights in the transmission, reception, and exchange of radio messages, with the result that no competition in service is possible in the localities covered by such contracts.

Your committee feels that an investigation should be made to ascertain the facts in connection with the matters specifically suggested and more generally covered by the reported resolution. We desire to know the truth. We must have this information in order to satisfy ourselves whether unlawful agreements have been entered into, whether unlawful practices have been and are being engaged in, and to guide us in framing legislation for the consideration of the House. The Members of

this House must have the facts if they are to legislate advisedly in the public interest on this subject.

This resolution was called up by the gentleman from Pennsylvania, Mr. Edmonds, under a unanimous-consent request and adopted by the House without opposition March 3, 1923.

REPORT OF THE FEDERAL TRADE COMMISSION

The Federal Trade Commission conducted the investigation and made its report December 1, 1923, in accordance with said resolution. This report on the radio industry, together with the appendix, contains 347 printed pages. The appendix of this report includes the admitted written contracts between the different members of the Radio Trust, which in themselves constitute violations of the antitrust laws in various particulars.

While the said House resolution did not request the Federal Trade Commission to take action against the radio trust, yet the investigation disclosed such flagrant violations of the laws that the Federal Trade Commission, upon its own motion, filed a complaint against the General Electric Co., the American Telephone & Telegraph Co., the Western Electric Co., Westinghouse Electric & Manufacturing Co., the International Radio Telegraph Co., the United Fruit Co., Wireless Specialty Apparatus Co., and Radio Corporation of America.

It may be noted that the Western Electric Co. (Inc.) is a subsidiary of the American Telephone & Telegraph Co.; the International Radio Telegraph Co. is a subsidiary of the Westinghouse Electric & Manufacturing Co.; and the Wireless Specialty Apparatus Co. is a subsidiary of the United Fruit Co.

According to stock exchange quotations, the market value of the stock of the said five parent companies, against whom said complaint was filed, then amounted to about \$2,500,000,000; this has since been greatly increased.

With respect to this complaint filed by it, the Federal Trade Commission gave out a statement, which I shall insert at the end of my remarks.

However, the charges are briefly summarized in the following language of the complaint:

The respondents have combined and conspired for the purpose and with the effect of restraining competition and creating a monopoly in the manufacture, purchase, and sale in interstate commerce, of radio devices and apparatus, and other electrical devices and apparatus, and in domestic and transoceanic radio communication and broadcasting.

After numerous delays the Federal Trade Commission completed the taking of about 10,000 pages of sworn testimony and exhibits in support of the charges in the complaint. Thereupon, following a decision of the Supreme Court of the United States in another case involving the jurisdiction of the Federal Trade Commission, in which the court held that said commission had no jurisdiction over violations of the antitrust laws and that the remedy for such violations must be administered by the courts in appropriate proceedings therein instituted, the Federal Trade Commission dismissed its said complaint against the members of the Radio Trust.

Shortly thereafter I prepared and introduced House Concurrent Resolution 47 on January 11, 1929, which resolution briefly recited the facts with respect to the investigation and complaint of the Federal Trade Commission and then requested the commission to immediately transmit to the Attorney General of the United States all such testimony, exhibits, and other information obtained by it in connection with its said investigation, and requested the Attorney General to have immediate consideration given to the evidence so presented, and to have the Department of Justice take such action on the charges of violation of the antitrust laws of the United States as such evidence and information may warrant, and to report to Congress as soon as convenient his decision and action in the premises. I shall insert at the end of my remarks said resolution.

Within a few days after the introduction of said resolution the Federal Trade Commission transmitted to the Attorney General of the United States all of the testimony which had been taken by it.

On April 22, 1929, I addressed a letter to the Attorney General, inclosing a copy of said resolution, advising that I was informed that the Federal Trade Commission had transmitted to him the record in the case and expressing the hope that the matter might have the early consideration of the Department of Justice and appropriate action taken. I also offered to furnish such information relating to the subject as I had. I shall insert at the end of my remarks the reply which I received from the Attorney General.

Thereafter efforts were made from time to time, particularly by the Commerce Committee of the Senate, to expedite action by the Department of Justice. In the meantime, according to

common report, the Radio Trust was making strenuous efforts to prevent action by the department.

However, the matter finally culminated in the action before referred to being commenced by the Department of Justice, on May 13, 1930.

The illegal and indefensible immunity from prosecution sought to be given to the radio monopoly by the malodorous Harry M. Daugherty nevertheless proved to be effective from August 25, 1921, to May 13, 1930, a period of nearly nine years, during which time the Radio Trust has grown more powerful, more effective, more oppressive, and more arrogant. However, I sincerely trust that it will be demonstrated that it is not stronger than the Government of the United States. I sincerely hope that this great and defiant law violator will be brought to justice.

On March 5, 1926, in the Sixty-ninth Congress, the Committee on the Merchant Marine and Fisheries reported H. R. 9971, to regulate radio communication, and for other purposes, which bill culminated in the radio act of 1927. This bill contained several provisions designed to prevent monopoly of radio, in the drafting and adoption of which I am glad to state that I had a part. However, I filed minority views on said bill, in which I set forth in substance many of the facts which I have recited, as well as many other facts relating to the radio monopoly, and took the position that we should incorporate in the bill additional and more stringent provisions against monopoly. Among other things I took the position that no radio license should be granted to any applicant who was violating the antitrust laws. In my said views and by amendments offered in the House during the consideration of the bill, I proposed several amendments along that line. With respect to same I made this observation:

The enactment and enforcement of such provisions would force a dissolution of the powerful radio monopoly. It surely will not be contended that the United States should license applicants to continue to violate its laws. Applicants should be required to "come with clean hands" before the Government throws its mantle of protection around them.

However, most of my amendments offered on the floor were rejected, although by close margins.

An unfortunate feature of this whole situation is that the licensing authority, first the Secretary of Commerce (the matter doubtless being handled by subordinates) and then the Federal Radio Commission have greatly favored members of the Radio Trust. While I regret to have to state it, yet I am convinced that the major policies of a majority of the Radio Commission are controlled by the Radio Trust.

HISTORY OF RADIO TRUST

The history of the Radio Trust is an interesting story of commercial, political, and legal intrigue—domestic and international.

At the close of the World War the American Marconi Co.—whose corporate name was Marconi Wireless Telegraph Co. of America, a New Jersey corporation—was the dominant factor in our international radio communications. It was a subsidiary of the British Marconi Co. and was so completely under British domination that during the war the Government had refused to do business with it as an American corporation.

In March, 1919, the British Marconi Co. undertook to buy from the General Electric Co. the exclusive right to the use of the Alexanderson alternator, a powerful radio-telegraphic device, which was believed to be the only one able to span the Atlantic and give efficient service.

Rear Admiral Bullard, who was then Director of Naval Communications, asked the officials of the General Electric Co., as "patriotic American citizens" not to sell these rights to the British company. The General Electric officials declared that they were in the business to sell radio apparatus to anybody who could buy it, and that the British company was the only purchaser in the field, but that if the Navy Department would sanction an American radio monopoly it would create such a company and sell the alternator only to that corporation.

Secretary Daniels rejected that proposal because he said he favored Government control and that, even if he did not, only Congress could sanction such a monopoly. That was the end of the proposal for a Government-sanctioned Radio Trust. However, on October 17, 1919, the General Electric Co. incorporated the Radio Corporation of America under the laws of the State of Delaware. On October 22, 1919, the General Electric Co. made a preliminary agreement with the Marconi Wireless Telegraph Co. of America for the purpose of paving the way for the absorption by the Radio Corporation of America of the American Marconi Co. Under this agreement the Radio Corporation of America was to acquire all the assets of the Marconi Co., including its concessions, contracts, patent rights, and applications.

On November 20, 1919, the General Electric Co. also made an agreement creating its said new subsidiary as its selling agency in the field of manufactured radio products and its subsidiary in the field of international communications.

RADIO CORPORATION OF AMERICA IN FOREIGN MONOPOLY

On November 21, 1919, the Radio Corporation of America made an agreement with the Marconi Wireless Telegraph Co. (Ltd.), of London, which divided the entire world into fields of exploitation between the Radio Corporation of America, General Electric interests in the United States, and the Marconi interests in Great Britain. This agreement divided the world into four sections: American territory, apportioned exclusively to the Radio Corporation; British territory, given exclusively to the British Marconi Co.; neutral territory, made up chiefly of such important countries as Holland, Spain, France, Russia, Germany, Japan, and so forth, in which both companies were to be allowed to use each other's patents, and no man's land, which covered the rest of the world, and in which the companies might operate without the use of each other's patents.

In a desperate effort to effect the repeal of section 17 of the radio act of 1927, the Radio Trust has insisted that it was necessary for them and the cable companies to combine in order to combat the British or foreign monopoly.

As a matter of fact the Radio Corporation of America and its affiliated and subsidiary companies are leading members of the British monopoly and of whatever world monopoly exists.

In fact, they originated the idea and took the lead in organizing such a monopoly.

An Associated Press dispatch of September 30, 1921—nearly nine years ago—reads as follows:

WORLD RADIO COMBINE TO BE FORMED IN PARIS—UNITED STATES INITIATES PROJECT TO END DUPLICATION AND FURNISH CHEAPER SERVICE

PARIS, September 30 (by the Associated Press).—An international wireless company for control and development of the greater part of the world's radio facilities is in process of organization here by representatives of the wireless interests of Great Britain, France, Germany, and the United States. The delegates expect to complete arrangements in two weeks.

The American delegation is headed by Owen D. Young, vice president of the General Electric Co., and includes Edward J. Nally and J. W. Elwood, president and secretary, respectively, of the Radio Corporation of America, and a large staff of experts. The Westinghouse interests also are represented.

The proposed agreement is the outgrowth of a desire of the four countries to place wireless on a sound commercial basis. The governments concerned have approved the conference and, it is understood, will back the organization to be formed.

Wireless facilities of the four countries will, in effect, be pooled, but each country will retain control over its respective territory. It is thus hoped to eliminate great waste occasioned by duplication and to place at the disposal of the international company unlimited funds for research.

As the United States initiated the meeting, it is expected American interests will have the most prominent part in the proposed company.

ILLEGAL CONTRACTS

From 1919 to 1921 the American Telephone & Telegraph Co., the General Electric Co., the Radio Corporation of America, the Westinghouse Electric & Manufacturing Co., the United Fruit Co., and the International Radio Telegraph Co. entered into a series of what they term "cross-licensing agreements," to the end that every vestige of competition between these companies has been eliminated in all of the commercial fields pertaining to radio, in the fields of patents and invention, in the field of development, and in the field of communication. Furthermore, under these agreements the combined resources of all these great companies must be used as a single instrument to destroy outside competition.

These companies, by an elaborate series of restraints written into these agreements, jointly conspired to monopolize the new art of radio, not only in the field of manufacture of radio apparatus but in the field of communications, of modern broadcasting, and in all other branches of this revolutionary art. These agreements are all set forth in the report of the Federal Trade Commission on the radio industry of 1923.

EFFECT OF THE RADIO MONOPOLY

According to the complaint of the Federal Trade Commission, and, as clearly shown by the admitted written contracts between said various parties, copies of which may be found in the appendix to the Federal Trade Commission report, these parties have already firmly established monopolies in the field of manufacture, sale, and use of apparatus for wire and wireless telephony, wire and wireless telegraphy, and wireless broadcasting. The more offensive provisions of the contracts are—

(a) These for the pooling of all patents of all the parties for all wire and wireless telegraph devices, for all wire and wireless telephone devices, as well as for all radio devices of whatsoever kind and for whatsoever use, for a period fixed or arranged to terminate in 1945.

(b) Those giving to different members of the combination a monopoly in one or more of the fields and containing covenants of all the parties to the contract not to compete or aid others to compete in such fields and to prevent such competition by others.

(c) Those providing for a representation of all the members in the purchase of patents by any member; and for the requirement by all the members that employees should assign their inventions and patents to their employer.

The effect of this combination upon the public is in part disclosed by a reference to a few of the many monopolistic features:

The public-service system of the telephone company is protected from radio competition.

With relatively unimportant exceptions, the monopoly of manufacturing radio devices is secured to the General Electric and to the Westinghouse Cos.

With relatively unimportant exceptions, the Radio Corporation has no right to manufacture radio devices, and while it has the monopoly, with relatively unimportant exceptions, of using and selling radio devices, it is not allowed to use them in competition with the public service telephone business of the telephone company and the public are thus cut off from the present and future advantages of like radio service. The Radio Corporation has an absolute monopoly in wireless communication between this country and foreign countries, except that radio service between this and a few Central American and West Indies points is reserved to the United Fruit Co., another member of the monopoly.

Even if a prospective broadcaster can procure a license from the Department of Commerce, it is necessary for him to purchase his broadcasting apparatus from the monopoly, and if the monopoly sees proper to sell to him at all he must buy the apparatus and operate same upon such terms and under such conditions as the monopoly dictates.

The inventor and scientist is in the grip of a monopoly which can exclude his inventions and patents from use or sale, excepting at a tremendous disadvantage to him, with corresponding benefit to the monopoly.

As a result of these agreements, radio was placed in this position: Anyone desiring to go into any field of radio activity was and is faced with the problem of meeting the combined financial and patent resources of all of these concerns, involving billions of dollars and thousands of patents—not only those in existence, but those that may be brought into existence. The exclusive licenses that were given in the various fields were not only on existing patents, but on future inventions and future patents, so that the exclusive grants would continue until at least 1950. Under the covenants in these agreements, the members of this combination not only admit the scope and validity of issued patents claimed by the respective members of the monopoly, but of their future and unborn inventions. In other words, they have eliminated all possible litigation and contest between themselves.

SIMILAR CONTRACTS ADJUDGED ILLEGAL

With reference to agreements of the latter type, the Federal district court at Chicago recently held in the Oil Cracking case brought by the United States Government against the Standard Oil Cos. and 48 other companies under the Sherman Act, as follows:

Such agreements can not be sustained. While a patent is presumptively valid, many of them, although duly issued, are invalid for various reasons. The public, in whose interest the patents laws are enacted (*Kendall v. Winsor*, 21 How. 322), is ordinarily protected against the burden of such void patent grants by the action of competitors of the patentee who, prompted by motives of self-preservation, refuse to recognize these void patents and therefore successfully contest them. The public is thereby relieved of the burden which their existence entails.

By these clauses of agreement 31 and similar clauses in the other agreements, the parties purchased immunity from attack on their patents. Tying the hands and sealing the lips of the only parties who would ordinarily stand suit and contest the validity of the patents, the primary defendants attempted to fasten on the public burdens which it was not the purpose of the patent law to impose. Such agreements violate the letter and the spirit of the patent law and are contrary to public policy. The far-reaching consequences of such agreements is illustrated by the present case.

We have considered the nature and position of the parties to this great combination. Let us consider how they have conducted themselves since they were organized.

MONOPOLY IN INTERNATIONAL WIRELESS COMMUNICATION

Take first the field of communication by wireless telegraphy. Under these agreements this field was given exclusively to the Radio Corporation of America. That company, either on its own behalf or substantially through a subsidiary, the RCA Communications (Inc.), owned entirely by it, has entered into exclusive contracts with practically the entire world under which it is the sole medium which may be used for trans-oceanic radio communication to and from the United States.

Traffic agreements were also entered into by the companies of this combination with the outstanding communications companies throughout the world, including those in Great Britain, Canada, Germany, France, Italy, Russia, Belgium, Australia, Holland, Spain, Norway, Sweden, China, Japan, and South American countries, whereby communication with these and other countries of the world was controlled. These arrangements are in nearly all instances exclusive. The contracting parties agree to use each other's facilities exclusively, and in most instances the foreign contracting party has a monopoly in its territory, and in some instances the agreements are with sovereign powers.

DOMESTIC WIRELESS TELEGRAPHY

Now let us consider the field of domestic communication by wireless telegraphy. The Universal Wireless Co., a domestic corporation, was granted licenses to operate on 28 short wave lengths by the Federal Radio Commission. They were given permits to build commercial stations for the transmission of messages for toll in and between 110 cities in the United States. The Federal Radio Commission was created by act of Congress to grant such licenses. Immediately upon commencement of operations the Universal Wireless Co. was sued for patent infringement. It was not sued by an individual patentee or an individual patent owner, it was sued concertedly by various members of this combination on various patents claimed to be owned by them individually. This sinister group, as a combination formed in defiance of law, through its combined illegal power, thus seeks to crush an independent competitor.

Joseph Pierson, president of the Press Wireless (Inc.), on January 13, 1930, told the Committee on Interstate Commerce of the United States Senate, of the attempt of his organization, representing such newspapers as the Chicago Daily News, Chicago Tribune, Boston Monitor, Los Angeles Times, and the San Francisco Chronicle, to develop a wireless telegraphic press service. He states as follows:

Owing partly to the rigid monopoly maintained by the General Electric-Radio Corporation combine of equipment in the United States, even controlling that imported from abroad, it was decided to establish our North American stations in some near-by country where the laws were more favorable to independent initiative and even more rigidly enforced against unfair practices and oppressions of enterprise. We decided, therefore, to set up our station at the terminus of the British Government cables.

Mr. Pierson further stated:

This license agreement does not appear to us to be for the purpose of recouping for the Radio Corporation combine the costs of its wireless development and research plus a fair profit. It seems to be for the purpose of preventing competition and fencing in the field of wireless communication. Consequently, some of my directors say they can regard this license agreement only as specially designed to make of the American press a colony of the electric-power empire which seems to be grasping after complete control of the water and the air of the United States.

Mr. Pierson set forth some of the conditions and terms upon which they alone could purchase apparatus from this combination, as follows:

- (a) Press Wireless must pay Radio Corporation of America the General Electric Co.'s price for building the apparatus plus 45 per cent profit to the Radio Corporation of America; and
- (b) Press Wireless must pay, as royalty or rental, 5 per cent of the gross receipts to Radio Corporation of America.
3. Use can be for press messages only.
4. Press Wireless must charge its clients "with a view to earning a reasonable profit" and not as a mutual company.
5. Press Wireless must allow Radio Corporation of America to inspect its apparatus and its accounts at will.
6. Press Wireless (Inc.) must surrender to Radio Corporation of America, without any charge whatsoever, all patents or patent rights it now has or will ever have and must give Radio Corporation of America total and exclusive right to lease, transfer, or assign rights of said patents.
7. Radio Corporation of America grants Press Wireless (Inc.) non-transferable right to use Radio Corporation of America patents.

8. Press Wireless (Inc.) must use apparatus in telegraphic code work only, and not for "transmission or reception of facsimiles, pictures, and the like."

9. Press Wireless (Inc.) must buy all parts from Radio Corporation of America.

10. "Article VII. The lessee hereby agrees to extend to the Radio Corporation of America at its request and through Radio Corporation of America Communications (Inc.) and for the benefit of its newspaper clientele, the same facilities, quality of press service, and like tariffs which it extends to its other press customers at the time of the request."

Mr. Pierson further stated:

In our effort to enter the wireless field in the United States we have been presenting our case to the appointed agency of the Government, the Federal Radio Commission. We all would rather have had private grants for the use of frequencies without putting our stations under the public-service obligation, but those newspapers associated in our company bowed to the far-seeing wisdom of the commission, particularly Judges Robinson and Sykes, in their interpretation of public interest, convenience, and necessity. We have submitted to the most rigorous scrutiny, and properly so, of our plans, our resources, and our experience in the communications business. We have been found to meet the test imposed by law. The tribunal which Congress has created to decide such questions for the United States Government has found that we are eligible and entitled to operate stations for certain purposes and on certain channels.

But it seems we did not see the right people. In order to operate a radio station in the United States, it appears, we have to wait upon the secret radio commission of America. You will note that they not only want high tribute indefinitely prolonged, but they even would force us to give up to them use of these valuable frequencies which the Federal Radio Commission licensed to us only. We are almost getting used to these tactics. The dominating wireless interests have succeeded in placing every conceivable obstacle in our way, but I venture to say that we will succeed eventually in setting up our network of press communication without becoming serfs in this new system of industrial feudalism.

WIRELESS TELEPHONY

Let us take up the question of wireless telephony. Apparently one of the principal reasons for the formation of this combination through these agreements was to protect the monopoly of the American Telephone & Telegraph Co. in the business of wire-telephonic communications for toll. For that reason the American Telephone & Telegraph Co. is given an exclusive license in the field of wireless telephone communication, and these other concerns agree not to enter into that field. The result is known to you all. While in Germany traveling upon a train, you can pick up a telephone receiver and talk via wireless. The same innovations are being introduced in Canada. There has been no such development in this country. This is not because Americans have not had sufficient ingenuity.

The real purpose of the combination, however, has been achieved in giving to the American Telephone & Telegraph Co., and its subsidiaries, the control over any potential or possible competition arising from the radio art.

MONOPOLY IN TALKING MOTION-PICTURE FIELD

This combination also asserts that it has the right to complete control over the talking motion-picture field. The American Telephone & Telegraph Co., through its subsidiaries, the Western Electric Co. and Electrical Research Products (Inc.) is fast establishing such control. The Radio Corporation and the Telephone Co. have entered into exclusive arrangements in the talking-picture field with the great motion-picture companies of America, including such companies as Paramount-Famous-Lasky Corporation, the Fox Co., Warner Bros., Vitaphone, and so forth. They are fast tying up the motion-picture theaters with as diabolical a contract as has ever been written. This contract is modeled along the same lines as the old United Shoe Machinery leases, which were declared illegal by the United States Supreme Court (258 U. S. 451). Under them the Electrical Research Products (Inc.) a subsidiary of the Western Electric Co., a member of this great combination, leases talking apparatus for talking motion pictures. Under this lease the motion-picture exhibitor or theater owners can not buy any parts, or accessories, or replacements from anyone except the Electrical Research Products (Inc.). The lease provides in part as follows:

Also, in order further to secure proper functioning of the equipment as aforesaid satisfactorily to the parties hereto, it is agreed that all additional and renewal parts and assembled parts for the equipment shall be obtained from Products—Electrical Research Products, (Inc.) . . .

Products may from time to time install such spare and renewal parts as may, in its opinion, be necessary to the satisfactory operation and maintenance of the equipment.

The lease may be canceled, among other reasons—

"Upon the removal of the equipment or any part thereof without the consent of products from the location and position in which it was installed by products."

These tying clauses as effectively shut out manufacturers of competing talking-motion-picture apparatus as did the famous and nefarious United Shoe Machinery leases. Any exhibitor who does not wish to sign such a lease must face patent attacks of this nature. No patents have been adjudicated in this field.

Sensational evidence of the manner in which ownership of patents may be used to extort excessive profits and to foster monopoly was presented to the Senate Committee on Patents during the hearings on a bill by Senator DILL which is designed to end such abuses.

C. C. Colby, chairman of the board of directors of the Audio Research Foundation, declared that the American Telephone & Telegraph Co. now claims the exclusive right to all patents covering sound amplification, including talking-motion-picture machines, and all announcing systems used in theaters, churches, and elsewhere.

"The motion-picture theaters have already paid or contracted to pay to the telephone monopoly upwards of \$25,000,000 more than they would have had to pay independent manufacturers for the same service," Mr. Colby said.

"In addition, they have been forced to contract for 'service' to the amount of \$50,000,000 more under the threat of patent litigation with the monopoly."

MONOPOLY IN BROADCASTING APPARATUS

The manufacture of broadcasting apparatus employed by the broadcasting stations is produced almost entirely by this combination. They have frightened away by their combined power and terrorizing tactics any competition in the manufacture of that type of apparatus. The development of that art lies solely in their hands. Instead of the General Electric Co. and the Westinghouse Electric & Manufacturing Co. and the American Telephone & Telegraph Co. competing for that business, they work in unison.

BROADCASTING SITUATION

The Radio Corporation of America, and its subsidiary and affiliated companies, all members of the Radio Trust, have either an absolute or a substantial monopoly in all branches of the radio industry, including radio communication. As I have already shown, they have a monopoly in international radio communication services. They have a large part of the choicest broadcasting facilities. In addition to the broadcasting stations directly owned and operated by them, the Radio Corporation of America, the General Electric, and the Westinghouse Co. organized and own all the stock in the National Broadcasting Co., which renders a chain service. Of the 40 cleared channels, which are the only broadcasting channels upon which stations are authorized to operate with 1,000 watts power or more, stations receiving the National Broadcasting Co. service are operating on 27 cleared channels; these stations embrace practically all of the high-powered stations. The approximately 550 broadcasting stations not on these cleared channels are crowded together on the remaining 49 broadcasting channels, 12 of which channels are shared with Canada; the result is that, generally speaking, such stations are so crowded together and so interfere with each other, and are so blanketed and heterodyned by the super-Power Trust stations, that they can rarely be satisfactorily heard. The result is that the air is dominated by the chain program.

OPPRESSIVE TRUST TACTICS

The strangle hold of this Radio Trust is such that if an American citizen or company obtains a license from the United States Government to operate a broadcasting station, that is not all; the licensee must buy the broadcasting license from the monopoly at such a price and upon such terms as the monopoly dictates; then it must pay annual tribute to the radio monopoly. If the licensee then desires to procure a chain program from the National Broadcasting Co., it must make a contract with the American Telephone & Telegraph Co., or one of its subsidiaries in the Bell system, to receive the chain program over the wires before the National Broadcasting Co. will make a contract with such licensee. The telephone company will first exact a heavy tribute under the guise of an installation fee.

In order that this hold-up procedure may be more clearly understood I will give a specific instance. The Radio Trust is so powerful and arrogant that it is no respecter of persons. The Supreme Lodge of the World, Loyal Order of Moose, have a broadcasting station at Mooseheart, Ill. The call letters of this station, WJJD, are in honor of Secretary of Labor James J. Davis, the founder of the order. I herewith insert some correspondence which explains what happened to Station WJJD,

which is typical of what has happened to other independent stations. The correspondence is as follows:

DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, February 18, 1928.

Hon. EWIN L. DAVIS,

House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: Replying to your letter of February 9 with reference to the use of a Western Union wire in the hook-up of our radio station at Mooseheart with the Palmer House in Chicago, would say that I took this matter up with our radio manager at Mooseheart and am just in receipt of a reply from him, copy of which I inclose for your information.

I trust this explanation is satisfactory.

With kindest regards, I am most cordially yours,

JAMES J. DAVIS.

Here is the letter which he incloses and to which he refers:

LOYAL ORDER OF MOOSE,
Station WJJD, February 16, 1928.

Mr. JAMES J. DAVIS,

*United States Secretary of Labor,
Washington, D. C.*

Dear Mr. DAVIS: I am returning the letter of Congressman DAVIS regarding the use of Western Union and telephone lines in connection with our broadcasting station, WJJD.

When we connected with the Palmer House in Chicago, necessitating private broadcasting lines in Mooseheart, we procured estimates from the Illinois Bell Telephone Co., also from the Western Union. However, as the telephone company had an installation charge of some \$10,000 which was not charged by the Western Union, we contracted for the Western Union lines.

Since that time, however, it has not been possible for us to connect any telephone lines with our Western Union circuits, which has prevented the broadcasting of any chain programs. It seems that the telephone company has a ruling that they will not permit any telephone lines to be connected in any way with Western Union lines, although I understand that the Western Union Co. has no objection to having the telephone lines connected with theirs.

The Western Union lines have proved very satisfactory, although I believe it will be necessary for us to replace them with telephone lines in the operation of our new transmitter, inasmuch as until we have telephone lines we will be prevented from participating in national broadcasting.

Sincerely and fraternally yours,

C. A. HOWELL.

The actual cost of installation; that is, of connecting up a wire in the radio station, is nominal, and which the Western Union was willing to do without charge, in order to obtain the opportunity to render the wire service for the customary charge in like cases. However, the subsidiary of the American Telephone & Telegraph Co. demanded \$10,000 for nothing and then was to charge the customary rates for the service. And the radio station could not procure the chain service, for which it would have to likewise pay, unless it was willing to be held up in this fashion.

The development of the radio art of the greatest interest to our citizens to-day is modern broadcasting. To receive the benefits of it one must purchase the modern radio receiving set which is installed in the home.

RADIO RECEIVING SETS

Let us examine the conduct of this combination in the field of manufacturing such radio receiving sets. The two greatest potential manufacturers of radio-receiving sets were and are the General Electric Co. and the Westinghouse Electric & Manufacturing Co. They are the two greatest manufacturers of electrical apparatus in the United States, no other concern even approximating either of them in size or resources. These companies not only refused to compete with each other as a result of these "cross-license agreements," but agreed to sell on the basis of dividing 60 and 40 per cent between them all of the apparatus manufactured by them exclusively through the Radio Corporation of America, the Radio Corporation of America to buy all such apparatus sold by it from them at 20 per cent over their cost.

LAWLESS PATENT MANIPULATION

The combination does not to-day control patents covering the complete building of a modern radio set. There are numerous other patent holders whose patents have been upheld and with which complete and efficient receiving sets may be manufactured. The Radio Corporation of America itself has been held to infringe a patent covering every radio set attached to the electric-light socket, in the case of Lowell and Dunmore and Dublier versus Radio Corporation of America, in the United States District Court of Delaware, in a decision rendered by Judge

Hugh M. Morris. Yet they have forced the entire radio set manufacturing industry to sign licenses calling for a tribute of 7½ per cent royalty on their business, with a minimum royalty of \$100,000 annually. Under these license agreements this great combination only assert that they have patents useful in making a tuned radio frequency receiver, the only kind of a receiver on which they license manufacturers; they do not covenant that they control the patents; they do not agree to defend against other patent holders who may attack their licensees; they do not identify their own patents or any of their own patents; they do not agree that in the event their patents are held invalid that the license is to be inoperative. In the event a single insignificant claim of any one of their infinite number of patents can be upheld, they can still enact this tribute. As a matter of fact, the licenses run for a term of years, and as a practical matter do not depend upon the validity of any of their patents.

The situation in this field was described to the Senate Committee on Interstate Commerce, in its hearings on the Couzens communications bill, by B. J. Grigsby, president of the Grigsby-Grunow Co., the largest independent manufacturer of radio receiving sets. Mr. Grigsby said:

We are licensees under the receiving-set patents of the Radio Corporation of America, the General Electric Co., the Westinghouse Co., and the American Telephone & Telegraph Co., sometimes known as the Radio Trust. In the year and a half in which we have made radio sets we have paid that monopoly \$5,302,879.15 in royalties. If we had not been compelled to add this royalty to our manufacturing cost, the retail purchasers of Majestic sets would have been saved approximately \$15,000,000.

We did not pay this royalty because we considered these patents worth such a royalty. We did not believe we needed these patents, and none of them had been adjudicated. But the radio combine had so terrorized the industry and had so intimidated the dealers and jobbers everywhere that they were afraid to handle what they called "unlicensed" sets.

Our bankers said they would not finance us unless we took out a license. They said they would not finance a patent fight against such a monopoly, and there was nothing left for us to do but to sign the license agreement. The merits of the patents were never examined by the bankers. The merits of the patents had nothing to do with the case.

Originally this license contract called for a royalty of 7½ per cent of our gross receipts, not only on the radio apparatus involved, but on the cabinets and even the packing cases in which we sold them. Of course, the Radio Corporation of America had no patent on either cabinets or packing cases, but it had the power to compel the payment of any royalties it pleased, and therefore, put the royalty on the manufacturers' price of the complete set.

As a result some of the manufacturers were not putting their sets in cabinets and thus were saving this royalty. We built our huge sales on the economies effected by our large mass production. One of these economies arose from the fact that our company was perfectly integrated, and that we made everything, including our own cabinets, in one plant. We were the largest furniture manufacturers in the United States.

If the royalty on cabinets had been continued it would have forced us out of the cabinet business and, therefore, would have destroyed the economies of our modern method of production. It was because we served notice on the Radio Trust that unless it changed its policy we would manufacture our cabinets through a separate company, so that it would not be able to collect these royalties that the Radio Corporation of America changed its policy and abandoned the royalty on cabinets.

Even with this deduction, however, no industry can long pay 7½ per cent royalty to its competitor. The combine could sell its products and make a profit of 7½ per cent at a price that would represent only our cost and, therefore, eventually bankrupt us. If there were merit in any of the combine's patents, we would have no objection to dealing with the individual companies that owned these patents, but we do protest that it is a violation of the antimonopoly laws to compel us to deal with all of them as one group and to take all of their patents and to pay a royalty, not on the merit of a patent but solely on the power of the combination to destroy us unless we surrender.

When we took our license in 1928 the Radio Corporation of America compelled us to buy the license of a bankrupt company, and we were compelled to assume the obligations of that bankrupt company, which protected the Radio Corporation against loss.

The patent situation in the radio industry is becoming intolerable. When the Radio Corporation fixed its royalty rate at 7½ per cent it did so on the pretense that it had a complete monopoly of the radio-patent situation and that its patent covered every part of the radio-receiving set. This is not true. We are now paying royalties to three other patent owners, and have been sued by five additional companies claiming infringement of seven patents. In no case has the Radio Corporation protected us against these patents or helped us in the suits which have been filed against us.

The patent licenses we were thus compelled to take out include one under the patents of the Radio Frequencies Laboratories on a circuit. We have also had to take out a license under the Lektophone patent. This is a patent on the loud-speaker cone. When we manufactured our loud speaker under the R. C. A. patents, we copied directly the 104-A type of Radio Corporation speaker. When the Lektophone Co. charged us with infringement we tried to get some help from the Radio Corporation of America, but they refused to give it to us, because they had taken out a personal license from the Lektophone Co. and had thus acknowledged the validity of its patents. But the radio combine did not take out a license to protect its licensees, and so we had to pay additional royalties to the Lektophone Co. on the same speaker which we were making under the Radio Corporation of America patents. Later, again on this same speaker, we were threatened by the Magnavox Co., who brought suit against us, but not against the Radio Corporation, although the construction of the speakers is identical.

VACUUM TUBES

There is another aspect of radio which has become a vital factor in our modern life. That is the development of the vacuum tube. In fact, the vacuum tube is the heart of radio. Everything else is hardware and furniture. The vacuum tube is used not only in broadcast-receiving sets, but in all broadcast transmitters, in all radio-communication transmitters, and in every form of wire communication. It is the tube which makes possible the motion picture of to-day, and particularly the talking movies.

The tube is the closest approach to the human brain that man has been able to devise. It has extended man's sight and hearing to span the globe. A new technique in the control of electrical apparatus has been built up around the vacuum tube. Elevators can be controlled with quick accuracy by its aid; industrial operations can be controlled by it; continuous-flow processes may be reduced to absolute precision and uniformity; street-traffic signals can depend for their actuation upon approaching cars; factory and agricultural products are counted, inspected, and graded automatically; colors may be selected by it; it may be used for fire and theft protection; a new science of metering and measurements is being developed by it; phenomena of incredible delicacy, mere indications become dependable yardsticks capable of everyday handling by plant workmen; airships, automobiles, water craft, and so forth can be guided and controlled by it.

The vacuum tube has now established itself as a universal tool. It finds uses in the sciences of medicine, chemistry, geology, geophysics, mineralogy, and photometry. It is applied in crime detection in many ingenious ways to discover as well as to convict the criminal.

The Radio Trust, knowing full well that the development of the vacuum tube would revolutionize the entire electrical art, and that future developments will be built up around this miracle device, have concentrated their efforts ever since their inception upon securing a complete monopoly of that product.

In the first instance, on their cross-licensing agreements, the General Electric and the Westinghouse Electric & Manufacturing Co., who were the potential competitors in the vacuum-tube field, agreed not to compete, but rather to divide the vacuum-tube business between them on a 60 and 40 per cent basis, and to sell their products exclusively through the Radio Corporation of America on the same arrangements by which radio sets were merchandized. As an article of manufacture, the radio vacuum tube is probably more like the incandescent lamp than any other product. These great concerns have monopolized the incandescent lamp business, and with their tremendous facilities in the lamp field, are the most powerful factors in the manufacture of vacuum tubes. As in every other part of the agreements, however, between the members of this combination, competition between them, in the manufacture and sale of vacuum tubes, was eliminated.

The field, which has been big enough for commercial exploitation in the radio tube art, has been the building of vacuum tubes for radio-receiving sets. When this field developed, various independent companies started to manufacture and sell vacuum tubes. When the Radio Trust succeeded, however, in terrorizing the manufacturers of radio-receiving sets and forcing the execution of the license agreements, they compelled the licensees, as one of the parts of those agreements, to agree to buy from the Radio Corporation of America the vacuum tubes needed to initially actuate the sets manufactured by the independent manufacturer and licensee. Radio sets theretofore had always been shipped by the manufacturers into the trade without tubes. Tubes were shipped separately in interstate commerce, to jobbers, distributors, and dealers in radio receiving sets. These merchants would buy vacuum tubes from the trust or one of its independent competitors, and insert the tubes in the radio-receiving sets. Under the license agreements, how-

ever, 95 per cent of the sets manufactured were thereafter shipped with tubes.

The distributors, jobber and dealer, in order to secure radio sets to sell, had to accept with that set vacuum tubes manufactured by the Radio Corporation of America in sufficient quantity to actuate the set. This completely obliterated the independent tube makers from the market. The independent manufacturers filed suit to enjoin enforcement of this clause in the United States District Court of Delaware, alleging that it was a violation of section 3 of the Clayton Act, in that it substantially lessened competition and tended to create a monopoly. This contention was upheld by the district court and by the court of appeals. There has been, therefore, an adjudication of the intention of this combination to monopolize the vacuum tubes. It is also perfectly clear that, if at any time they have or do secure a monopoly of the vacuum tube, they will thereby, as a practical matter, secure a monopoly of all branches of the radio art and of many branches of the electrical art, and will control one of the greatest developments in the history of the human race.

Having failed to secure any favorable adjudication on their patents pertaining to vacuum tubes, having been thwarted in their efforts to monopolize interstate commerce in vacuum tubes by compelling receiving-set manufacturers to buy and install their tubes, they started the same program of concerted terroristic tactics. They threatened jointly to sue the independent tube makers. They, through one of their banking associations, merged and financed four of the five complainants who had beaten them in the litigation involving the violation of the Clayton Act. They loaned \$2,000,000 to this merged company with an option on its stock and completely dominated its affairs. This concern they then had execute a tube license, under which it was agreed to pay a 7½ per cent royalty to the Radio Trust. They created conditions in the trade similar to that which has been described as existing in the trade with respect to radio-receiving sets. Without a single favorable adjudication upon a patent in the tube art, having been repeatedly beaten in the courts whenever they asserted infringement of their patents on tubes, yet by their great size and power they have placed most of the independent tube manufacturers under a 7½ per cent royalty by license agreements. I am reliably informed that it is extremely doubtful whether in the radio vacuum-tube field any competitor can give a 7½ per cent handicap to the radio combination and survive.

The most flagrant thing, however, in connection with these licenses on vacuum tubes is that the licenses absolutely prohibit the making of vacuum tubes by the licensees for any purpose except for installation in radio-receiving sets. All of the fields of application of the vacuum tube which I have referred to are closed to those in the business with the exception of the radio combination. They are rapidly fastening their tentacles upon this marvelous instrumentality. The vacuum tube has brought the vibration of sound around the globe to the human ear. Through television it is expected to bring all things within the vision of the human eye. There has been a stupendous change in the veritable organism of man, and there is a cunning, wicked plot to place it all under the domination of a private monopoly.

PATENT RACKETEERING

The Radio Trust claim to monopoly has been built up under the pretense of an alleged patent situation. Asserting the ownership of 4,000 patents it insists that it controls radio so completely that no competitor can enter the field without infringing one or the other of that multitude of patents, owned by its various members.

That is what witnesses before House and Senate committees have called "patent racketeering." Other trusts have been built up on such a pretense, but none has ever attained the size and the arrogant insolence of the Radio Trust.

"The patent system of the United States was originally conceived to provide unusual rewards for human labor of a high order," said E. R. Reichmann, representing the Radio Protective Association and other independent radio interests.

"It is now being used by aggregations of capital as an instrument for monopolistic control of great arts and industries. This development is exactly and completely destroying the original purpose of issuing patents and human labor is being excluded from any of the rewards which result."

The conduct and contentions of the members of this combination raises one of the most serious problems that has ever been presented to this Congress. If the contentions of this group can be upheld as a matter of law through the patent statutes, then the antitrust statutes can and will be destroyed. They take the position that the grant of a patent by the Patent Office entitles them to center into commercial arrangements and build institu-

tions which have the effect of monopolizing interstate commerce. This is clearly a perversion of the patent statutes. A patent is issued by an administrative body after a hearing which is secret and ex parte. A patent examiner, in passing upon an application to determine whether it has novelty and invention, is governed only by the art which has been disclosed by a search in the Patent Office, and what the examiner may know of the art of his own personal knowledge. His findings are not conclusive, and are not adjudications as to persons not parties to the Patent Office proceedings. The Government does not guarantee the validity of a patent; it makes no pretense of standing back of a patent. The patent statutes clearly provide the only method by which a patent may be enforced, namely, by judicial proceedings to enjoin infringers, or by an action to recover damages for infringement, or both. Under the patent statutes an alleged infringer has his day in court. He is entitled to all the protection of a judicial hearing. No matter to what a degree a patent may have been adjudicated against others, an alleged infringer may not be excluded from interstate commerce under the patent statutes without having his day in court. The patent statutes provide only for the enforcement of the rights arising out of a patent by actions in personam.

The members of this combination claim that a patent being a monopolistic right, they may enter into commercial arrangements and combinations and develop an economic situation, where by economic action and not by process of law, their competitors, whom they allege to be infringers, are shut out of commerce. This is a lawless and a profoundly dangerous doctrine. In essence it means that the Patent Office, in a secret ex parte proceeding, can grant a right that was once only a prerogative of the Crown—and was taken away from the Crown by the blood and tears of our ancestors. A patent gives exclusive rights—yes—but, if valid, it must be enforced through the courts and put to the acid test of litigation.

MONOPOLY METHODS DECLARED ILLEGAL BY COURTS

The patent statutes provide and the courts have consistently held that the rewards of the patent must be confined to the specification of the patents. It is perfectly clear that when you combine as one single patent threat the many thousands of patents controlled by this combination, backed by their enormous resources, such a situation develops power which is infinitely greater than the same patent or patents individually owned.

In the Oil Cracking case, which is the most recent decision on questions involved here, the court said:

Defendants contend that the grant of a patent is a grant of a monopoly; that while such a monopoly is a burden on commerce it is a lawful burden; that the owner of a patent may grant licenses thereunder, whether few or many, and the effect of each license agreement is to partially lift the lawful monopoly evidenced by the patent. In short, it is argued, licenses promote instead of restrict competition and license agreements, no matter what their conditions may be, necessarily extend the freedom to manufacture and to sell the patented article. They therefore contend their arguments are not within the condemnation of the Sherman antitrust law.

The ownership of a patent unquestionably carries with it certain rights, monopolistic in character. Nevertheless, the owner of a patent can use it as property, only subject to the Sherman antitrust law; that is to say, A, B, C, and D can not legally contract respecting their patents in violation of the terms of this law.

To illustrate, A has a valid patent used by numerous licensees. B has a valid patent which other licensees use. Notwithstanding A and B each has a monopoly, there is competition. But it would be a plain violation of the antitrust act for A and B, thus having certain monopolies which are in competition one with another, to combine to eliminate competition between their monopolies and impose or maintain burdens which exist, not by virtue of the monopolies, but by virtue of the agreements dealing with their monopolies as property.

It is in this respect that these various agreements step outside the limits of lawful monopolies which arise from the issuance of the patents. The patent monopoly itself is a property right, and agreements in respect thereto must be subject to the same antimonopoly tests as any other property rights.

There is substantial difference between agreements entered into by competing packing companies respecting the prices at which or territories wherein their products may be sold and an agreement between holders of patent monopolies which fix the rates of royalties that shall be charged to licensees.

In fact, we may go further and say that pooling agreements between holders of patents whereby royalties are fixed and the division of proceeds derived from royalties provided for are within the condemnation of the Sherman antitrust law. * * *

In so far as these agreements are license agreements, they are unobjectionable. To the extent that they go beyond license agreements, they are subject to the inhibitions of the Sherman Act.

BILL TO MEET SITUATION

I have introduced a bill, H. R. 13157, which provides:

That it shall be a complete defense to any suit for infringement of a patent to prove that the complainant in such suit is using or controlling the said patent in violation of any law of the United States relating to unlawful restraints and monopolies or relating to combinations, contracts, agreements, or understandings in restraint of trade, or in violation of the Clayton Act or the Federal Trade Commission act.

This bill is designed to prevent abuses and lawless tactics which have been disclosed at various hearings before the Committee on the Merchant Marine and Fisheries of the House during the past eight years, and which said committee brought to the attention of the Congress in a House resolution and report thereon as early as February, 1923. I have repeatedly pointed out and condemned these abuses and evils, as have other Members of the House and the Senate.

This bill is similar to one which Senator DILL introduced some time ago, and upon which the Senate Committee on Interstate Commerce held comprehensive hearings, which revealed a startling, illegal, and oppressive abuse of patents by various monopolies, particularly by the Radio Trust. The Committee on Interstate Commerce has unanimously reported Senator DILL's bill.

As before explained, the suit recently commenced by the Department of Justice for the dissolution of the Radio Trust is largely upon an unlawful pooling of patents and the unlawful monopolization thereby of all branches of the radio industry.

This bill is not revolutionary in character, but is designed to effectuate the antitrust statutes and to protect independent inventors and manufacturers against the lawless and terroristic tactics of powerful combinations. It makes no act unlawful, but simply tends to prevent the commission of acts already made unlawful by our statutes. It merely provides that a patent owner who is violating the existing antitrust laws can not enforce its patents in the courts so long as it persists in such violation. It merely requires a patent owner to "come into court with clean hands." That is no new principle of either law or morals. It is a rule of law that is recognized in every civilized country. It is older than the patent laws themselves.

This bill will stop patent racketeering. It will put an end to the so-called "patent trusts." It will stop the pernicious and unlawful practice employed by some monopolies to cover their illegal operations under the pretense of patent ownership. It will not interfere with the legal monopoly possessed by the owner of a patent. This bill is not directed against and will not affect lawful cross licensing of patents, which is legitimately employed in some of the industries. This bill should have the enthusiastic support of every Member of Congress who believes in the enforcement of the antitrust laws. I shall ask for its immediate consideration by the House Committee on Patents when Congress reconvenes in December.

The different documents which I have stated I would insert in the RECORD are as follows:

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., August 25, 1921.

JAMES R. SHEFFIELD, Esq.

52 Williams Street, New York City.

MY DEAR MR. SHEFFIELD: I acknowledge with thanks the receipt of your letter of the 12th instant explaining certain agreements entered into between the Radio Corporation of America, the General Electric Co., the Westinghouse Electric & Manufacturing Co., the International Radio & Telegraph Co., and the American Telephone & Telegraph Co.

Your attitude in thus placing the matter before me is much appreciated. I regret to have to inform you, though, that it would not be permissible for me to comply with your request. To do so would violate the long-standing rule of the department that the Attorney General will not express an opinion on legal subjects except to the President and the heads of executive departments.

However, I see no impropriety in saying to you that if in the future complaint is made in reference to the agreements in question, or in regard to anything that may be done thereunder, the department will give due consideration to all that you have submitted, both orally and in writing.

Indeed, I am prepared to go a step further and say that in the event any complaint should reach the department which it should consider required an investigation, no conclusion will be reached or action taken by the department under my administration without advising you and giving you full opportunity to present your views. While I am the head of the department, if I can prevent it, no hasty action will be taken in cases of doubt and good faith, especially when, as in the present case, the facts are frankly presented to the department. Assuring you of my personal esteem.

Yours very truly,

H. M. DAUGHERTY, Attorney General.

COMPLAINT OF FEDERAL TRADE COMMISSION

With respect to this complaint, the Federal Trade Commission made the following statement:

FEDERAL TRADE COMMISSION,
Washington, January 28, 1924.

Monopoly in radio apparatus and communication, both domestic and transoceanic, is charged in a complaint issued by the Federal Trade Commission to-day. Efforts to perpetuate the present control beyond the life of the existing patents are likewise charged.

Radio Corporation of America, General Electric Co., American Telephone & Telegraph Co., Western Electric Co. (Inc.), Westinghouse Electric & Manufacturing Co., the International Radio Telegraph Co., United Fruit Co., and Wireless Specialty Apparatus Co., are named as respondents and are alleged to have violated the law against unfair competition in trade to the prejudice of the public.

In the language of the complaint "the respondents have combined and conspired for the purpose and with the effect of restraining competition and creating a monopoly in the manufacture, purchase, and sale in interstate commerce, of radio devices and apparatus, and other electrical devices and apparatus, and in domestic and transoceanic radio communication and broadcasting."

To attain the present control alleged, the complaint recites that the respondents (1) acquired collectively patents covering all devices used in all branches of the art of radio, and pooled these rights to manufacture, use, and sell radio devices, and then allotted certain of the rights exclusively to certain respondents; (2) granted to the Radio Corporation of America the exclusive right to sell the devices controlled and required the radio corporation to restrict its purchases to certain respondents; (3) restricted the competition of certain respondents in the fields occupied by other respondents; (4) attempted to restrict the use of apparatus in the radio art manufactured and sold under patents controlled by the respondents; (5) acquired existing essential equipment for transoceanic communication and refused to supply to others necessary equipment for such communication; and also excluding others from the transoceanic field by preferential contracts.

From the series of contracts referred to in the complaint it appears that the Radio Corporation of America has the right to use and sell under patents of the various respondents which relate to the radio art. It has also given to various respondents the right to manufacture under these patents. Thus there has been combined in the hands of these corporations patents covering the vital improvements in the vacuum tube used in long-distance communications and other important patents or inventions in radio which supplement this central device. Approximately 2,000 patents are involved.

The report of the Federal Trade Commission on the radio industry stated that the gross income of the Radio Corporation in 1922 was \$14,830,856.76, and that its capital stock on December 31, 1922, was \$33,440,033.56. The holdings of the several respondents in the Radio Corporation of America are given as follows:

	Number of shares	
	Preferred	Common
General Electric Co.	620,800	1,876,000
Westinghouse Electric & Manufacturing Co.	1,000,000	1,000,000
American Telephone & Telegraph Co.	400,000	
United Fruit Co.	200,000	160,000

It is further stated that up until 1922 the Radio Corporation had an absolute monopoly in the manufacture of vacuum tubes and for the first nine months of 1923 sold 5,509,487 tubes. During the same period the only other concern having the right to make and sell tubes sold 94,100 tubes.

In the communication field, while the Radio Corporation has some competition in the ship-to-shore communication, it has a practical monopoly in transoceanic service. It controls all the high-power stations in this country except those owned by the United States Government. Agreements of an exclusive character have been entered into with the following countries, or with other concerns in control of the situation in those countries, namely, Norway, Germany, France, Poland, Sweden, Netherlands, South America, Japan, and China. Arrangements have also been made with the land telegraph companies in this country whereby messages will be received at the offices of the Western Union and Postal Telegraph Cos.

A summary of the contracts between the respondents as recited in the complaint is: First, the organization of the Radio Corporation of America in 1919 under the supervision of the General Electric Co., which company received large holdings in the stock of the Radio Corporation for capital supplied and for its service in connection with the acquisition of the American Marconi Co. An agreement entered into between these companies granted to the Radio Corporation an exclusive license to use and sell apparatus under patents of the General Electric Co. until 1945; and the Radio Corporation granted to the General

Electric Co. the exclusive right to sell through the Radio Corporation of America only, the corporation agreeing to purchase from the General Electric Co. all radio devices which the General Electric Co. could supply. Subsequently this arrangement was extended to include the Westinghouse Electric & Manufacturing Co., the business of the Radio Corporation being apportioned between the General Electric Co. and the Westinghouse Co., 60 per cent to the General Electric and 40 per cent to the Westinghouse Co.

Meanwhile, in July, 1920, the General Electric Co. and the American Telephone & Telegraph Co. made an arrangement for mutual licensing on radio patents owned by each and providing for traffic relations. The terms of this agreement were extended to the Radio Corporation of America and the Western Electric Co. and thereafter to the Westinghouse Co.

The Radio Corporation in March, 1921, made an agreement with the United Fruit Co., which operated a number of long-distance radio stations in Central and South America, by which licenses under radio patents of the Radio Corporation and of the United Fruit Co. and its subsidiary, the Wireless Specialty Apparatus Co., were exchanged, and arrangements made for the exchange of traffic facilities, and the definition of their respective fields adopted between the Radio Corporation and the United Fruit Co. Provisions of the agreements between the Radio Corporation of America, the General Electric Co., the American Telephone & Telegraph Co., and the Western Electric Co. were extended to the United Fruit Co.

[H. Con. Res. 47, 70th Cong., 2d sess.]

Concurrent resolution

Whereas the House of Representatives of the Congress of the United States on March 3, 1923, unanimously passed a resolution requesting the Federal Trade Commission to investigate and to report the facts concerning attempts to monopolize the manufacture of radio apparatus as well as radio communication to "aid the House of Representatives in determining whether * * * the antitrust statutes of the United States have been or now are being violated by any person, company, or corporation subject to the jurisdiction of the United States," and

Whereas pursuant to said resolution, the Federal Trade Commission did make such investigation and transmitted to the Speaker of the House of Representatives a report of 347 pages embracing various agreements made by and between the General Electric Co., American Telephone & Telegraph Co., Western Electric Co. (Inc.), Westinghouse Electric & Manufacturing Co., International Radio Telegraph Co., United Fruit Co., Wireless Specialty Apparatus Co., and Radio Corporation of America, contracting to pool the radio patents of these companies, allocating to each other their respective fields of manufacture, sale, and use of radio apparatus and facilities, and to restrain their use so as to give to this group what has been alleged to be a monopoly of radio manufacture, and communications in the United States as well as between the United States and foreign countries; and reciting various acts and practices of said companies pursuant to said agreements; and

Whereas said Federal Trade Commission, after submitting said report and upon its own motion, did, on January 28, 1924, issue a formal complaint charging that said General Electric Co., American Telephone & Telegraph Co., Western Electric Co. (Inc.), Westinghouse Electric & Manufacturing Co., International Radio Telegraph Co., United Fruit Co., Wireless Specialty Apparatus Co., and Radio Corporation of America "have combined and conspired for the purpose and with the effect of restraining competition and creating a monopoly in the manufacture, purchase, and sale in interstate commerce, of radio devices and apparatus, and other electrical devices and apparatus, and in domestic and transoceanic radio communications and broadcasting"; and

Whereas said Federal Trade Commission, at great expense has spent five years in hearing evidence to support these charges and has accumulated 10,000 pages of sworn testimony and exhibits; and

Whereas said Federal Trade Commission, following a recent decision of the Supreme Court of the United States that said commission has no jurisdiction over violations of the antitrust laws, and that the remedy for such violations must be administered by the courts in appropriate proceedings therein instituted, has dismissed said complaint; and

Whereas, if the charges contained in said complaint are true, it is the duty of the Department of Justice to prosecute such violators, and to obtain from the United States courts such injunctions or other orders as may be necessary to dissolve such alleged Radio Trust, and to obtain such other relief as may be proper to assure free competition in radio manufacture, sale, and communications: Therefore be it

Resolved by the House of Representatives (the Senate concurring), That the Federal Trade Commission be, and it is hereby, requested to immediately transmit to the Attorney General of the United States all such testimony, exhibits, and other information obtained by it in connection with its investigation of the complaint aforesaid and such other pertinent information as it may have in connection with this subject; and be it further

Resolved, That the Attorney General of the United States be, and he is hereby, requested to have immediate consideration given to the evidence so presented, and to have the Department of Justice take such action on the charges of violations of the antitrust laws of the United States as such evidence and information may warrant, and to report

to Congress as soon as convenient his decision and action in the premises.

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., April 27, 1929.

Hon. EWIN L. DAVIS,

House of Representatives, Washington, D. C.

DEAR MR. CONGRESSMAN: Your letter of the 22d instant relative to the radio trade has been received. The department is now making an inquiry into this matter. Thank you for your offer of assistance, which I am calling to the attention of the gentlemen who are at work on the matter.

Very truly yours,

WILLIAM D. MITCHELL,
Attorney General.

Mr. AYRES. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman and gentlemen of the committee, if you are interested in the cotton farmers, I believe you will be interested in some of the things I have to say.

You will recall that some time ago I made the charge that there is a Cottonseed Trust in the South, and that as a result of this trust the farmers are being compelled to sell their cottonseed at a price equal to ten to twenty dollars less per ton than the cottonseed are really worth.

INVESTIGATION OF COTTONSEED TRUST

The Senate passed a resolution asking the Federal Trade Commission to investigate these charges and other charges made by me against the combination. The Federal Trade Commission has appointed Mr. W. W. Shepherd, of South Carolina, as the examiner to conduct this investigation, and has appointed Mr. Walter Wooten to prosecute the case for the commission. I want to say here and now that I am well pleased with the conduct of the prosecution by Mr. Wooten. I am also well pleased with the manner of conducting the case by Mr. Shepherd. Startling disclosures are being made, disclosures that are alarming. I am very sorry the hearings are not printed, so that the Members of the Congress could examine them. Only three typewritten copies are made, and no copies of the exhibits are made. In order to examine the exhibits it is necessary for a Member to go to the Federal Trade Commission offices and remain there and read them. I have tried to do this, and I believe I have read all the testimony that has been introduced. The commission has permitted me to use one copy of the testimony when it was at all convenient for the employees of the commission to release it.

INDEPENDENTS VERSUS REFINERS

This testimony is that there are two kinds of mills that are interested in crushing cottonseed.

The first group is the independent oil mill that is owned by local people, usually, and is not engaged in the business of refining the crude oil that it crushes from the cottonseed but sells the crude oil to refineries.

The second group is the refinery group, owned by Procter & Gamble Co. at Cincinnati, Southern Cotton Oil Co. at New Orleans, and Swift & Co., of Chicago, and a few other concerns. They own a large number of cottonseed-oil mills in the South, and they crush the seed for the oil—not to sell to some one else but for the purpose of using it in their own refineries. Each one of these refineries buys a great deal more oil than it produces.

So it is to their interest that cottonseed oil remain cheap. The cheaper cottonseed oil is the more profit they will make on the finished product.

THREE COMPANIES PRACTICALLY CONTROL

The testimony before the Federal Trade Commission discloses that the three concerns named above control about 70 per cent of the cottonseed oil in the South, and in controlling the price of cottonseed oil they make the price cheap, as low as coconut oil and in competition with coconut oil, and then make a large profit on the finished products.

PROFITS OF REFINERIES INCREASE IN PROPORTION TO LOSSES OF OIL MILLS

As evidence that what I am saying is true, you may take, for instance, the Procter & Gamble Co., of Cincinnati. It owns the Buckeye Cotton Oil Co. which is a subsidiary of Procter & Gamble Co. The Procter & Gamble Co. owns every dollar of the stock. The Buckeye Co. claims they are losing money every year, and, doubtless, if you were to examine their books, you would discover they are losing money according to their books; after making deductions they should not make. A profit can be made when the books show a loss. If you examine the books of Procter & Gamble Co., of Cincinnati, you will discover that the common-stock holders, who have invested \$25,000,000, are making each year from \$15,000,000 to \$19,000,000 on that

investment. So although they are losing money on the cottonseed oil mills, they are making enormous profits on the refining end of it. Profits amounting from 60 per cent to 80 per cent.

The same illustration is true with reference to the Southern Cotton Oil Co., which is owned by the Wesson Oil & Snowdrift Co., of New Orleans. This company wants cheap cottonseed oil so it can make a large profit on the finished products, and it is doing it. It declared a 100 per cent stock dividend last year, and is making enormous profits for their common-stock holders on that stock. The same illustrations can be given for other refineries also engaged in seed crushing.

BOTH GROUPS HAVE SAME LAWYER

Both groups of mills belong to the same organization—The National Cottonseed Products Association. Mr. Christie Benet, of Columbia, S. C., is the attorney and chief executive officer of that organization. This organization is dominated and controlled by the Buckeye, Southern, and Swift Companies, and one or two other refining companies; the companies that are interested in cheap cottonseed oil. The independent oil mills should never have joined that organization. The Procter & Gamble Co., for the Buckeye, its subsidiary, pays more than \$50,000 a year dues to the association. The Southern Cotton Oil Co. pays more than \$50,000 a year dues to the National Association. The association and State-cooperating associations doubtless collect several hundred thousand dollars in dues each year which is used to carry out agreements to fix the price of cottonseed at a low price and to fix the price of cottonseed oil at a low price and other unlawful agreements.

The refiners group dominating the association have no trouble in getting their wishes carried out.

INDEPENDENTS AND FARMERS HAVE MUTUAL INTERESTS

My opinion is that the owners of ordinary independent mills would like to see the farmers get a good price for their cottonseed. The independent group of mills advocated a high tariff on oils and fats that are imported into this country in competition with cottonseed oil. The refiners group, headed by Procter & Gamble, opposed such a tariff because it would be calculated to increase the price of cottonseed oil. Representatives of independent mills appeared before committees of Congress advocating a high tariff on imported oils for the purpose of increasing the price of cottonseed oil, which would enable the farmers to get a higher price for seed. I want to commend the representatives of these independent mills for what appears to me to be a worthy motive on their part. The refiners group, however, had representatives to appear before congressional committees opposing any increase on oils and fats that are imported into this country in competition with cottonseed oil. The first group, the independents, have advocated a tariff on jute. The refiners group have opposed the tariff on jute.

DISCRIMINATORY FREIGHT RATES

The independent group does not want cottonseed oil discriminated against in favor of coconut oil and other competing oils on transportation charges over railroads. The refiners group have doubtless been responsible for a gross discrimination in freight rates on cottonseed oil.

Palm, palm kernel, and coconut oil, if imported into the United States, can be transported over the railroads from New Orleans, La., to Kansas City for \$90 a carload, a distance of 878 miles, whereas the freight charges on a car of cottonseed oil from New Orleans, La., to Kansas City over the same railroad and for the same service are \$136.50. The freight charges on cottonseed oil from Mount Pleasant, Tex., to Kansas City, a distance of 548.8 miles, are \$160.50; the freight charges on a car of cottonseed oil from Paris and Roxton, Tex., to Kansas City are the same as from Mount Pleasant. Here is an illustration of a foreign commodity that is being used in competition to cottonseed oil, that is being transported over our railroads a distance one-third greater than the distance from Mount Pleasant, Tex., to Kansas City, Mo., for a freight rate which is equal to \$70.50 a carload less than what the domestic commodity is forced to pay.

Importers of coconut oil can transport their commodity over American railroads from New Orleans, La., to Kansas City, a distance of 878 miles, for \$90 a carload, whereas farmers at Dallas, Tex., are required to pay \$160.50 freight charges on a carload of cottonseed oil from Dallas, Tex., to Kansas City, a distance of only 517 miles.

The freight charges on a car of coconut oil from Houston or Galveston, Tex., to Cincinnati, Ohio, are \$90 a car, the coconut oil being imported. The freight charges on a car of cottonseed oil, the same service being required from either of these points to Cincinnati, Ohio, are \$184.50, an advantage coconut oil has over cottonseed oil of \$94.50 a car.

The freight charges on a car of coconut oil, an imported article, from Houston or Galveston to Chicago, are \$96 a car.

The freight charges on cottonseed oil, a home-grown commodity, between the same points, are \$187.50 a carload.

The freight charges on coconut oil, an imported commodity, from either Houston or Galveston to Kansas City, are \$90 a carload; whereas the charge on cottonseed oil, a domestic product, for the same service between the same points, are \$160.50.

REFINERS RESPONSIBLE FOR DISCRIMINATORY RATES

I believe these discriminatory rates have been granted by the railroads at the request of the refiners group which want cheap coconut oil and cheap cottonseed oil.

BOUGHT FOR SOAP, MADE INTO LARD COMPOUNDS

Procter & Gamble purchase cottonseed oil at a price that they can use it for making soap and then use the cottonseed oil to make lard compound. If they purchased the cottonseed oil at the price it would be necessary for them to pay for lard-compound product, the price would be much higher.

The Tariff Commission in 1929 reported—

Consumption by the lard industry, representing 80 per cent of the output of cottonseed oil, amounted to 709,000,000 pounds in 1921 and 641,000,000 pounds in 1923.

BUCKEYE CONTROLS THE MARKET

The testimony introduced before Examiner W. W. Sheppard, of the Federal Trade Commission, investigating the Cottonseed Trust, discloses that Procter & Gamble Co., through its subsidiary the Buckeye Oil Co., controls a sufficient amount of the cottonseed and cottonseed oil that all other oil mills and refineries are compelled to follow what they do; that they must either do the same thing or some competing thing to offset what the Buckeye Oil Co. does.

FOREIGNERS' ADVANTAGE OVER AMERICANS

Foreign oils that are used in competition with cottonseed oil can be transported thousands of miles from across the seas and thousands of miles over the American railroads to interior points in the United States for transportation charges very little, if any, higher than the charges cotton growers of the South are required to pay for transporting their product over American railroads a few hundred miles to the same points.

HOW A FREIGHT RATE IS MADE

Suppose Procter & Gamble want a special import rate on coconut oil from San Francisco to Kansas City, a distance of 2,000 miles. The present freight rate is 75 cents a hundred pounds between those two points. Procter & Gamble may ask the railroads to grant a rate of 55 cents a hundred pounds, which was done about February 1 of this year. The railroads would not like to refuse Procter & Gamble this special rate of 55 cents on coconut oil, because Procter & Gamble is one of the largest shippers in America. Therefore, the railroad company can give notice that the rate is going to be put into effect at the expiration of 30 days. If no one objects and gives a good reason why the rate should not be effected, the rate will automatically become effective at the expiration of 30 days. The Interstate Commerce Commission has nothing to do with it unless an objection is raised.

About February 1 of this year the railroads gave notice that after March 1, 1930, the rate on coconut oil from San Francisco to Kansas City would be 55 cents a hundred pounds. I immediately objected to the rate, filed a protest with the Interstate Commerce Commission, and the rate was suspended until hearings could be held. If that rate had become effective, it would have been only 1½ cents a hundred pounds higher than the rate from Dallas to Kansas City, a distance of 500 miles. In other words, the railroads, for the manufacturers of soap, lard compound, and oleomargarine, were attempting to render four times the service for coconut oil for the same price that would be charged for cottonseed oil.

These discriminatory rates exist all over the United States. They are favorable to the refiners group and are derogatory to the interest of the independent group and the farmers.

NO MAN CAN SERVE TWO MASTERS

No man can serve two masters. The chief executive officer of the National Cottonseed Products Association must either serve the independent group or the refiners group. He is responsible to the refiners group for his employment. Practically all the funds for the organization expenses are collected from the refiners group. Therefore, the organization serves that group and it is conducted in a way that is detrimental to the independent oil mills and the farmers, but beneficial to the refiners group of mills.

REFINERIES SHOULD NOT BE ALLOWED TO OWN OIL MILLS

I believe that the representatives in the legislatures of the cotton-growing States should seriously consider making it unlawful for any refinery that is engaged in using cottonseed oil to make finished products, to own any right, title, or interest in

an oil mill. The refiners group are endeavoring to get complete ownership as well as control of the cottonseed oil mills in the South. When that is done not only will the farmers get a very low price for their seed but they will pay an excessive price for their cottonseed meal and hulls.

PROFITS OF PROCTER & GAMBLE

In the magazine Time, June 16, 1930, under the title "Business and Finance," there was an article about the Procter & Gamble Co. Unquestionably the information contained in this article was furnished by representatives of that company. I quote the following extract:

Earnings of the Procter & Gamble Co. for 1929, \$19,148,943.

Another extract, as follows:

Procter & Gamble is one of the largest producers of cottonseed oil in the United States; buys and produces 50 per cent of the total United States edible-fat production; uses 90 per cent of all whale oil imported into the United States.

From a statement which was given out by Procter & Gamble Co. during the month of October, 1928, I quote the following:

Net profit for the year ending June 30, 1928, was \$15,579,335, in contrast with \$15,004,975 shown in last year's annual statement. Net income last year was equivalent to \$11.99 on 1,250,000 shares of common stock of \$20 par value, against \$11.38 the previous year.

It is interesting to note that during the year 1929, when oil mills claimed they were not making much money, the Procter & Gamble Co., the owner of the Buckeye Cotton Oil Co., earned \$16 on every \$20 share of common stock. The company bought its crude cottonseed oil from its subsidiary and other companies at a low price and made a large profit on the finished products. The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. AYRES. Mr. Chairman, I yield five minutes to the gentleman from Alabama [Mr. PATTERSON].

Mr. PATTERSON. Mr. Chairman and members of the committee, I want to call attention at this time to the legislative situation in which we find ourselves, speaking from the viewpoint of an ordinary Member. Probably we never will come to the time of adjournment or to a time when there is much talk about adjourning, when we find on the calendar more important legislation in which the different Members of the House and the country are interested. And, speaking not as a partisan but as a Member, I think that we have failed to pass much beneficial legislation which this distressed country has a right to expect us to enact into law.

I sincerely hope, in view of these circumstances, that the leaders of the House will not undertake to adjourn this Congress until several of these important legislative matters are enacted into law. I am glad to know that Members on the Republican side of the House entertain the same idea as was expressed this afternoon by the gentleman from Illinois [Mr. DENISON.] One of these important legislative measures in which I am interested in is the Couzens resolution. I hope we can see that become a law before this Congress adjourns. I think it is important to the country at this time. I am also interested in seeing the employment bills pass and become law. This Congress should do something to help this situation. Then, of course, we are interested in the veterans' relief bill for this is vital to our disabled for whom it is intended, and finally I am very much interested in one piece of legislation which has already passed both the House and Senate. We find ourselves to-day it seems to me in a very embarrassing situation—certainly in a situation that is not good for this legislation. I refer to the governmental project of Muscle Shoals. I am one of the members who is seriously disturbed over finding ourselves in the situation we are in regarding Muscle Shoals. I don't speak as a partisan, because I think it is a matter in which both sides are interested. I appeal to the leaders of this House and the leaders of the administration that they help work out a compromise and get the matter settled at Muscle Shoals, which will insure the protection of the people in regard to power and will insure the manufacture of fertilizers as has been determined in the original purpose for the construction of Muscle Shoals. You may talk of farm relief, but the manufacture of fertilizer here for the farmer will mean real relief.

I am informed that the Senate is willing to compromise on this measure and let us have all of the fertilizer that we are looking for providing we will promise to let the Government control the power, and we can use every kilowatt of it for the manufacture of fertilizer if it is necessary.

I sincerely hope that there may be a compromise, and I feel that it is unfortunate that the gentleman from Tennessee [Mr. REECE] should take the position that he is credited with taking.

I appeal to the leaders of the House that they bring about a compromise of the situation and that they give us what we are entitled to at Muscle Shoals. This is a great question and one the administration must face. We now stand on the threshold of accomplishment on the one hand and failure on the other. Which will be taken? May God help us to take the road to accomplishment in the interest of our people of all America.

Mr. Chairman, I intend to vote against any resolution of adjournment until we have enacted these measures into law.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. AYRES. Mr. Chairman, I yield two minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Chairman, I was very much interested in the statement of the gentleman from Tennessee [Mr. DAVIS], and I regret exceedingly that further time could not have been granted him. May I ask the gentleman from Tennessee whether he has heard any explanation offered why the two companies he mentioned were not made defendants to the suit?

Mr. DAVIS. No; I have not.

Mr. OLIVER of Alabama. In your study of this question, is it your thought that further enabling legislation might be helpful in the prosecution of a suit like this?

Mr. DAVIS. Just what does the gentleman have in mind?

Mr. OLIVER of Alabama. This, that under existing laws some important suits have been brought which resulted in unsatisfactory decisions. Recognizing that this House is opposed to permitting radio interests to form a trust, it occurred to me that we should remove all possible doubt of it by passing enabling legislation which would carry out the evident intent and purpose of Congress, which the gentleman from Tennessee has so well voiced.

Mr. DAVIS. There are in the radio law of 1927 several provisions intended to effect that end, most of which I think I had the honor to draw, and I have from time to time offered several other provisions which the House and the Senate did not see proper to accept. I think very salutary legislation could be enacted along that line.

Mr. WASON. Mr. Chairman, I yield one minute to the gentleman from California [Mr. CRAIL].

Mr. CRAIL. Mr. Chairman and my colleagues of the House, the constituency which I represent is vitally interested in that item of the bill which is now under consideration, which appropriates ten million and more dollars for the commencement of actual work on the construction of the Boulder Dam on the Colorado River. In fact, all of the great southwest section of the United States is greatly concerned that this item of the second deficiency appropriation bill shall not be disturbed.

I have listened to the debate this afternoon. The gentleman from Arizona [Mr. DOUGLAS] questions the engineering feasibility of the project. He throws suspicion on the validity of the contracts entered into by the Secretary of the Interior to sell power and water which will pay for the entire cost of construction, the carrying charges, and interest, repay the Government in less than 50 years, and in the meantime pay great fortunes every year to the States of Arizona and Nevada. He is sure that the Government, and particularly the State of California, are going to despoil the weak State of Arizona and rob it of its birthright. Woe, woe, woe.

I can assure you, my colleagues, that there is nothing that this Congress could do in regard to the Colorado River that would meet with the approval of the gentleman from Arizona. These matters were fully considered and argued at great length, when the bill authorizing the appropriation of hundreds of millions for the construction of the Boulder Dam and the all-American canal was before the House. These questions were decided at that time, so far as the Congress can decide them, and they were all decided and rightly decided against the contentions of the gentleman from Arizona. All there is before the House at this time in relation to this matter is the mere detail of carrying out the first step in the decision which was made by this Congress when the Boulder Dam bill was enacted into law. This Congress must keep the faith with the people of the Southwest and with the people of the Nation, for it is true that the people of the Nation are interested in this matter and have issued their fiat that the dam shall be built. Nothing can be gained by delay.

Hard times are more or less nation-wide at this time. The President and the Congress have said that public improvements should go ahead. I am not speaking solely for Boulder Dam in this respect. Public improvements should go ahead all over the country. In carrying on this program, millions will find

work that otherwise would not, and because the Government is going ahead with its development projects confidence will be inspired in private institution and in municipality and in county and State for like activities. The result will be that inevitably better times will follow, and every man and every woman who is out of work and who wants a job will have one. This work should proceed at once.

Of course, this item in the bill for the Boulder Dam is going to carry, and carry by a large majority. I do not think there can be any question of that. I am not fearful of the result. I am not pleading for votes. I expect the Members of Congress to do their duty. I know that you are favorable to this project by a large majority. I believe that a motion to strike out this appropriation will be lost by more than 2 to 1. But I feel it is my duty to let you know that the great city of Los Angeles and all of the people of southern California are trusting in the good word of Congress that the work on the dam will proceed as soon as the Secretary of the Interior has entered into valid contracts for the sale of power and water that will repay to the Government all of the money which it shall advance toward this enterprise.

I have heard it argued that the people of Los Angeles are not interested in this project. My friends, the very existence of the city of Los Angeles depends upon the success of this enterprise. Southern California is naturally a semiarid, almost semidesert area. We have no running waters, no rivers with water in them the year around, no lakes—unless you call the artificially constructed reservoirs lakes. Southern California is the modern Garden of Eden. But her green lawns, her waving fields, her spreading trees, and orchards are made possible through water which is made available for irrigation by the ingenuity of man. Water is life in the great Southwest. If water is not available, our farms, our villages, and our cities would shrivel up and perish.

Southern California is growing in population at a great rate. We have already almost reached the limit of the waters which are available for our use. The time has now come when we must have water from the Colorado River. The question is whether we can hold out until those waters are provided. Your vote on this appropriation will largely determine that question.

Domestic use is the highest purpose to which water can be applied. The city of Los Angeles and the other 12 cities of the metropolitan water district of California want this water for no other purpose than domestic use. We are asking for water to drink, water to use in our kitchens, water to give to our children in the years to come.

I think I can safely say that 98 per cent of the people of Los Angeles are in favor of the Boulder Dam and are eagerly expecting the Congress to go ahead with the completion of the project.

It would serve no useful purpose for me to discuss the validity of these contracts which my friend from Arizona derides. The Attorney General of the United States has given his written opinion that they are valid and will protect the Government of the United States in the return of whatever moneys it expends in the construction of Boulder Dam. What better evidence of their validity does the Congress want than this? The Secretary of the Interior appeared before the Committee on Appropriations and urged that the appropriation be made, and stated that the legal aides in his department had passed on the validity of these contracts. He also stated to the committee that he had called in the best outside legal advice that he could obtain to pass on the validity of these contracts, and that from the opinions of the attorneys in his department and the opinion of the outside attorneys whose assistance he had obtained he was fully satisfied that the contracts were good, binding, and valid contracts, and were full protection to the Government.

I understand, of course, that no vote will be taken on this bill to-night. I thought, however, that we should not adjourn for the day without a statement from the representative of the city of Los Angeles reaffirming what you already know, that this project, the Boulder Dam on the Colorado River, is vital to the welfare, the growth, the happiness, and the prosperity of our fair city, aye, to its very life.

To-morrow, when the vote is taken, we confidently expect that you, my colleagues, the Representatives of the American people, will stand true to what you have already done, true to conviction and right, and will appropriate for the commencement of this enterprise the amount which the Secretary of the Interior has stated is necessary for that purpose. In advance, I extend to you the heartfelt thanks of a grateful and deserving people. [Applause.]

The CHAIRMAN. There being no further general debate, the Clerk will read the first paragraph of the bill.

The Clerk read as follows:

A bill making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1930, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1930, and June 30, 1931, and for other purposes

Be it enacted, etc., That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1930, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1930, and June 30, 1931, and for other purposes, namely:

The CHAIRMAN. Under the order of the House the authority for this sitting in committee is exhausted, and the committee automatically rises.

Thereupon the committee rose; and the Speaker having resumed the chair, Mr. CHINDBLOM, Chairman of the Committee of the Whole House on the state of the Union, having had under consideration the bill (H. R. 12902) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1930, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1930, and June 30, 1931, and for other purposes, reported that that committee had come to no resolution thereon.

LEAVE OF ABSENCE

Mr. CLARKE of New York (at the request of Mr. VESTAL) was granted leave of absence, indefinitely on account of illness.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4017) entitled "An act to amend the act of May 29, 1928, pertaining to certain War Department contracts by repealing the expiration date of that act."

SENATE BILLS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 2801. An act authorizing and directing the Secretary of Agriculture to investigate all phases of taxation in relation to agriculture; to the Committee on Agriculture.

S. 3206. An act for the relief of Rebecca Green; to the Committee on Claims.

S. 4554. An act to amend the red light law of the District of Columbia; to the Committee on the District of Columbia.

S. J. Res. 86. Joint resolution creating a commission to make a study with respect to the adequacy of the supply of unskilled agricultural labor; to the Committee on Immigration and Naturalization.

S. J. Res. 177. Joint resolution to provide for the erection of a monument to William Howard Taft at Manila, P. I.; to the Committee on the Library.

ENROLLED BILLS SIGNED

Mr. CAMPBELL of Pennsylvania, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles which were thereupon signed by the Speaker:

H. R. 515. An act to extend the benefits of the employees' compensation act of September 7, 1916, to Jackson D. Wissman, a former employee of the Government Dairy Farm, Beltsville, Md.;

H. R. 593. An act for the relief of First Lieut. John R. Bailey;

H. R. 1029. An act for the relief of Arthur D. Story, assignee of Jacob Story, and Harris H. Gilman, receiver for the Murray & Thurgurtha plant of the National Motors Corporation;

H. R. 1306. An act for the relief of Charles W. Byers;

H. R. 1312. An act for the relief of J. W. Zornes;

H. R. 1481. An act for the relief of James C. Fritzen;

H. R. 1494. An act for the relief of Maj. O. S. McCleary, United States Army, retired;

H. R. 2876. An act for the relief of J. C. Peixotto;

H. R. 7205. An act for the relief of Lamirah F. Thomas;

H. R. 7822. An act amending section 2 and repealing section 3 of the act approved February 24, 1925 (43 Stat. 964, ch. 301), entitled "An act to authorize the appointment of commissioners by the Court of Claims and to prescribe their powers and compensation," and for other purposes;

H. R. 7924. An act for the erection of tablets or markers and the commemoration of Camp Blount and the Old Stone Bridge, Lincoln County, Tenn.;

H. R. 8127. An act for the relief of J. W. Nelson;

H. R. 8836. An act for the relief of French Co. of Marine and Commerce;

H. R. 8881. An act to carry out the recommendation of the President in connection with the late-claims agreement entered into pursuant to the settlement of war claims act of 1928;

H. R. 8958. An act for the relief of certain employees of the Alaska Railroad;

H. R. 10416. An act to provide better facilities for the enforcement of the customs and immigration laws;

H. R. 10668. An act to authorize issuance of certificates of repatriation to certain veterans of the World War;

H. R. 11432. An act to amend the act entitled "An act to provide for the enlarging of the Capitol Grounds," approved March 4, 1929, relating to the condemnation of land;

H. R. 11700. An act to extend the times for commencing and completing the construction of a bridge across the Mahoning River at or near Cedar Street, Youngstown, Ohio;

H. R. 11784. An act to provide for the addition of certain lands to the Rocky Mountain National Park, in the State of Colorado;

H. R. 11786. An act to legalize a bridge across the Arkansas River at the town of Ozark, Franklin County, Ark.;

H. R. 11934. An act authorizing the Monongahela Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near the town of Star City, W. Va.;

H. R. 11966. An act to extend the times for commencing and completing the construction of a bridge across Lake Sabin at or near Port Arthur, Tex.;

H. R. 11974. An act granting the consent of Congress to the Beaufort County Lumber Co. to construct, maintain, and operate a railroad bridge across the Lumber River at or near Fair Bluff, Columbus County, N. C.;

H. R. 12447. An act to extend hospital facilities to certain retired officers and employees of the Lighthouse Service and to improve the efficiency of the Lighthouse Service;

H. J. Res. 280. A joint resolution to authorize participation by the United States in the Interparliamentary Union;

H. J. Res. 300. Joint resolution to permit the Pennsylvania Gift Fountain Association to erect a fountain in the District of Columbia; and

H. J. Res. 353. Joint resolution providing for an investigation and report, by a committee to be appointed by the President, with reference to the representation at and participation in the Chicago World's Fair Centennial Celebration, known as the Century of Progress Exposition, on the part of the Government of the United States and its various departments and activities.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 2414. An act authorizing the Government of the United States to participate in the International Hygiene Exhibition at Dresden, Germany, from May 6, 1930, to October 1, 1930, inclusive;

S. 2834. An act to establish a hydrographic office at Honolulu, Territory of Hawaii;

S. 3258. An act to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes;

S. 3341. An act providing for the acquirement of additional lands for the naval air station at Seattle, Wash.;

S. 3619. An act to reorganize the Federal Power Commission;

S. 4518. An act granting the consent of Congress to the Texarkana & Fort Smith Railway Co. to reconstruct, maintain, and operate a railroad bridge across Little River in the State of Arkansas at or near Morris Ferry;

S. 4606. An act granting the consent of Congress to the State of Georgia and the counties of Wilkinson, Washington, and Johnson to construct, maintain, and operate a free highway bridge across the Oconee River at or near Balls Ferry, Ga.; and

S. 4722. An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.

BILLS PRESENTED TO THE PRESIDENT

Mr. CAMPBELL of Pennsylvania, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President for his approval bills and joint resolutions of the House of the following titles:

H. R. 515. An act to extend the benefits of the employees' compensation act of September 7, 1916, to Jackson D. Wissman, a former employee of the Government dairy farm, Beltsville, Md.;

H. R. 593. An act for the relief of First Lieut. John R. Bailey;

H. R. 1306. An act for the relief of Charles W. Byers;

H. R. 1312. An act for the relief of J. W. Zornes;

H. R. 1029. An act for the relief of Arthur D. Story, assignee of Jacob Story, and Harris H. Gilman, receiver for the Murray & Thregertha plant of the National Motors Corporation;

H. R. 1481. An act for the relief of James C. Fritzen;

H. R. 1494. An act for the relief of Maj. O. S. McCleary, United States Army, retired;

H. R. 2876. An act for the relief of J. C. Peixotto;

H. R. 7205. An act for the relief of Lamirah F. Thomas;

H. R. 7822. An act amending section 2 and repealing section 3 of the act approved February 24, 1925 (43 Stat., p. 964, ch. 301), entitled "An act to authorize the appointment of commissioners by the Court of Claims and to prescribe their powers and compensation, and for other purposes";

H. R. 7924. An act for the erection of tablets or markers and the commemoration of Camp Blount and the Old Stone Bridge, Lincoln County, Tenn.;

H. R. 8127. An act for the relief of J. W. Nelson;

H. R. 8836. An act for the relief of French Co. of Marine & Commerce;

H. R. 8881. An act to carry out the recommendation of the President in connection with the late-claims agreement entered into pursuant to the settlement of war claims act of 1928;

H. R. 8958. An act for the relief of certain employees of the Alaska Railroad;

H. R. 10668. An act to authorize issuance of certificates of repatriation to certain veterans of the World War;

H. R. 10416. An act to provide better facilities for the enforcement of the customs and immigration laws;

H. R. 11974. An act granting the consent of Congress to the Beaufort County Lumber Co. to construct, maintain, and operate a railroad bridge across the Lumber River at or near Fair Bluff, Columbus County, N. C.;

H. R. 11432. An act to amend the act entitled "An act to provide for the enlarging of the Capitol Grounds," approved March 4, 1929, relating to the condemnation of land;

H. R. 11700. An act to extend the times for commencing and completing the construction of a bridge across the Mahoning River at or near Cedar Street, Youngstown, Ohio;

H. R. 11784. An act to provide for the addition of certain lands to the Rocky Mountain National Park, in the State of Colorado;

H. R. 11786. An act to legalize a bridge across the Arkansas River at the town of Ozark, Franklin County, Ark.;

H. R. 11934. An act authorizing the Monongahela Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near the town of Star City, W. Va.;

H. R. 11966. An act to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.;

H. R. 12447. An act to extend hospital facilities to certain retired officers and employees of the Lighthouse Service and to improve the efficiency of the Lighthouse Service;

H. J. Res. 280. Joint resolution to authorize participation by the United States in the Interparliamentary Union;

H. J. Res. 300. Joint resolution to permit the Pennsylvania Gift Fountain Association to erect a fountain in the District of Columbia; and

H. J. Res. 353. Joint resolution providing for an investigation and report, by a committee to be appointed by the President, with reference to the representation at and participation in the Chicago World's Fair Centennial Celebration, known as the Century of Progress Exposition, on the part of the Government of the United States and its various departments and activities.

ADJOURNMENT

Mr. WASON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 7 minutes p. m.) the House adjourned, under the previous order, until to-morrow, Friday, June 20, 1930, at 11 o'clock a. m.

COMMITTEE HEARINGS

Mr. TILSON submitted the following tentative list of committee hearings scheduled for Friday, June 20, 1930, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON NAVAL AFFAIRS

(10.30 a. m.)

For the modification of battleships (H. R. 12964 and 12965).

EXECUTIVE COMMUNICATIONS, ETC.

556. Under clause 2 of Rule XXIV a letter from the Comptroller General of the United States, transmitting supplemental report relative to the claim of Mrs. Amy Harding for personal injury damages, was taken from the Speaker's table and referred to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WASON: Joint Committee on the Disposition of Useless Executive Papers. A supplemental report on the disposition of useless papers in the Interior Department (Rept. No. 1380, pt. 2). Ordered to be printed.

Mr. GRAHAM: Committee on the Judiciary. S. 3059. An act to provide for the advance planning and regulated construction of certain public works, for the stabilization of industry, and for the prevention of unemployment during periods of business depression; with amendment (Rept. No. 1971). Referred to the Committee of the Whole House on the state of the Union.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H. R. 11193. A bill authorizing the Florence Bridge Co., its successors and assigns, to construct, maintain, and operate a toll bridge across the Missouri River at Florence, Nebr.; without amendment (Rept. No. 1976). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. H. R. 12844. A bill granting the consent of Congress to the State of Montana, the counties of Roosevelt, Richland, and McCone, or any of them, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Poplar, Mont.; with amendment (Rept. No. 1977). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. H. R. 12920. A bill granting the consent of Congress to the State of Montana and the counties of Roosevelt and Richland, or any of them, to construct, maintain, and operate a free highway bridge across the Missouri River at or near Culbertson, Mont.; without amendment (Rept. No. 1978). Referred to the House Calendar.

Mr. DENISON: Committee on Interstate and Foreign Commerce. H. R. 12993. A bill granting the consent of Congress to the State of Illinois to construct, maintain, and operate a free highway bridge across the Little Calumet River on One hundred and fifty-ninth Street in Cook County, State of Illinois; with amendment (Rept. No. 1979). Referred to the House Calendar.

Mr. BRITTEN: Committee on Naval Affairs. H. R. 1190. A bill to regulate the distribution and promotion of commissioned officers of the line of the Navy, and for other purposes; without amendment (Rept. No. 1980). Referred to the Committee of the Whole House on the state of the Union.

Mr. COLTON: Committee on the Public Lands. H. R. 12697. A bill to authorize an exchange of lands between the United States and the State of Utah; without amendment (Rept. No. 1981). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CLARK of Maryland: Committee on Claims. H. R. 1768. A bill for the relief of Mary S. Neel; without amendment (Rept. No. 1972). Referred to the Committee of the Whole House.

Mr. IRWIN: Committee on Claims. H. R. 10614. A bill for the relief of Georgia A. Muirhead; with amendment (Rept. No. 1973). Referred to the Committee of the Whole House.

Mr. IRWIN: Committee on Claims. H. R. 12289. A bill for the relief of Capt. Christian Damson; with amendment (Rept. No. 1974). Referred to the Committee of the Whole House.

Mr. MERRITT: Committee on Interstate and Foreign Commerce. H. R. 12967. A bill granting certain land to the city of Dunkirk, Chautauqua County, N. Y., for street purposes; without amendment (Rept. No. 1975). Referred to the Committee of the Whole House.

Mr. McSWAIN: Committee on Military Affairs. H. R. 2796. A bill for the relief of Capt. Walter S. Bramble; without amendment (Rept. No. 1982). Referred to the Committee of the Whole House.

Mr. HALL of Indiana: Committee on the District of Columbia. H. R. 10936. A bill to incorporate the National Society, Army of the Philippines, as a body corporate and politic of the District of Columbia; without amendment (Rept. No. 1983). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PITTENGER: A bill (H. R. 13052) to amend section 7 of the act entitled "An act to enable any State to cooperate with any other State or States or with the United States for

the protection of the watersheds of navigable streams, and to appoint a commission for the acquisition of lands for the purpose of conserving the navigability of navigable waters," approved March 1, 1911, as amended; to the Committee on Agriculture.

By Mr. LEAVITT: A bill (H. R. 13053) to authorize the Secretary of the Interior to accept donations to or in behalf of institutions conducted for the benefit of Indians; to the Committee on Indian Affairs.

By Mr. STONE: A bill (H. R. 13054) to provide equal apportionment among the several States, Territories, and District of Columbia by the United States Civil Service Commission, extending the apportionment to all departments in the District of Columbia and to all States or Territories; to the Committee on the Civil Service.

By Mr. SABATH: Resolution (H. Res. 261) to appoint a select committee to investigate short selling of stocks on stock exchanges; to the Committee on Rules.

By Mr. GARBER of Oklahoma: Resolution (H. Res. 262) to investigate the tariff bill of 1930; to the Committee on Ways and Means.

By Mr. TILSON: Resolution (H. Res. 263) to amend Rule XII of the House of Representatives; to the Committee on Rules.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

By Mr. O'CONNOR of Louisiana: Memorializing the Congress to effect passage of legislation placing the financial cooperation of the United States Public Health Service that all States may receive more adequate protection of the urban and rural population throughout the Nation; to the Committee on Interstate and Foreign Commerce.

By Mr. ASWELL: Memorializing the Congress to effect passage of legislation placing the financial cooperation of the United States Public Health Service that all States may receive more adequate protection of the urban and rural population throughout the Nation; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AYRES: A bill (H. R. 13055) granting a pension to Oscar Cochran; to the Committee on Pensions.

By Mr. BLAND: A bill (H. R. 13056) granting a pension to Patrick Kilmartin; to the Committee on Pensions.

By Mr. CABLE: A bill (H. R. 13057) granting an increase of pension to Sarah E. Erisman; to the Committee on Invalid Pensions.

By Mr. CRADDOCK: A bill (H. R. 13058) granting a pension to Charlotte A. Mercer; to the Committee on Pensions.

By Mr. CRAWL: A bill (H. R. 13059) granting an increase of pension to Emery M. Gibson; to the Committee on Invalid Pensions.

By Mr. DENISON: A bill (H. R. 13060) granting an increase of pension to Lyddy J. Willis; to the Committee on Invalid Pensions.

By Mr. GARBER of Oklahoma: A bill (H. R. 13061) granting an increase of pension to Sarah A. Bickford; to the Committee on Invalid Pensions.

By Mr. HOGG: A bill (H. R. 13062) granting a pension to Ella I. Dewire; to the Committee on Pensions.

By Mr. JENKINS: A bill (H. R. 13063) granting an increase of pension to Julia Purnell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13064) for the relief of Wade Dean; to the Committee on Claims.

Also, a bill (H. R. 13065) granting a pension to James S. Casteel; to the Committee on Invalid Pensions.

By Mr. KIESS: A bill (H. R. 13066) granting an increase of pension to Willimina Rabuck; to the Committee on Invalid Pensions.

By Mr. MICHAELSON: A bill (H. R. 13067) for the relief of George W. McDonald; to the Committee on Military Affairs.

By Mr. NELSON of Wisconsin: A bill (H. R. 13068) granting an increase of pension to Ellen P. Wilkins; to the Committee on Invalid Pensions.

By Mr. ROWBOTTOM: A bill (H. R. 13069) granting an increase of pension to Frances M. Martin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13070) granting an increase of pension to Louisa Griffin; to the Committee on Invalid Pensions.

By Mr. SMITH of West Virginia: A bill (H. R. 13071) granting a pension to Maryland Adams; to the Committee on Pensions.

By Mr. VESTAL: A bill (H. R. 13072) granting an increase of pension to Margaret Viola Jackson; to the Committee on Invalid Pensions.

By Mr. WHITLEY: A bill (H. R. 13073) granting an increase of pension to Ellen Nix; to the Committee on Invalid Pensions.

By Mr. WURZBACH: A bill (H. R. 13074) granting an increase of pension to Truman T. Burr; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7604. Petition against the official judicial conduct of Judge Bascom S. Deaver, United States judge for the middle district of Georgia, fifth judicial district; to the Committee on the Judiciary.

7605. By Mr. CANNON: Petition of Montgomery County Chapter, Daughters of the American Revolution, Montgomery City, Mo., indorsing establishment of a national park on the site of Fort Boonesborough, Ky.; to the Committee on the Public Lands.

7606. By Mr. FITZGERALD: Resolution by the Comte de Grasse Chapter, National Society Daughters of the American Revolution, at Yorktown, Va., urging the passage of House Joint Resolution 347, to provide for the erection of a suitable memorial to the memory of Comte de Grasse; to the Committee on the Library.

7607. By Mr. SWANSON: Petition of the Research Club, of Elliott, Iowa, favoring Federal supervision of motion pictures in interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

7608. By Mr. YATES: Petition of H. E. Edwards, commander Bell Post, American Legion, Chicago, Ill., urging Congress to pass legislation for the benefit of World War soldiers; to the Committee on World War Veterans' Legislation.

7609. Also, petition of Elizabeth Hodge, secretary Federal Employees' Union, Chicago, Ill., urging the passage of House bill 471; to the Committee on the Civil Service.

7610. Also, petition of M. J. Ballester, recording secretary Unity Lodge 4807, Washington Boulevard, Chicago, Ill., urging the immediate passage of the Couzens resolution; to the Committee on Interstate and Foreign Commerce.

7611. Also, petition of Carl Anderlin, secretary Boot and Shoe Workers' Union, 246 Summer Street, Boston, Mass., and six of its locals in Chicago, Ill., urging the immediate passage of House bill 471; to the Committee on the Civil Service.

7612. Also, petition of Robert Odenbach, recording secretary Federal Labor Union No. 15441, 2800 South California Avenue, requesting the consideration and passage of the Saturday half-holiday bill; to the Committee on the Civil Service.

7613. Also, petition of R. A. Omohundro, commander Clay Post, No. 14, American Legion, Flora, Ill., urging the passage of the Johnson bill; to the Committee on World War Veterans' Legislation.

7614. Also, petition of James Rons, 5407 West Twenty-second Place, Cicero, Ill., secretary Public Schools Janitors' Local No. 11, urging the passage of House bill 471; to the Committee on the Civil Service.

7615. Also, petition of R. H. McDaniel, president Western Broker Division Commercial Telegraphers' Union, 209 West Jackson Boulevard, Chicago, Ill., urging the passage of the half-holiday bill; to the Committee on the Post Office and Post Roads.

7616. Also, petition of Edward Batz, secretary International Wood Carvers' Association, 5637 School Street, Chicago, Ill., urging the immediate passage of House bill 471; to the Committee on the Civil Service.

SENATE

FRIDAY, June 20, 1930

(Legislative day of Wednesday, June 18, 1930)

The Senate met at 12 o'clock meridian on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.
Mr. JONES. Mr. President, will the Senator from Ohio withhold the suggestion of the absence of a quorum for just a few moments?